THE EMPIRE CLUB

ADDRESSES 1974-1975

The Empire Club of Canada
1974-1975

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SIR ARTHUR CHETWYND, BT.
PRESIDENT, 1974-1975

ADDRESSES 1974-1975

The Empire Club of Canada

SEVENTY-SECOND YEAR

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The Empire Club of Canada

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The Empire Club of Canada was founded in 1903. Since that time, until April 30, 1974, 1,594 speakers were welcomed to our rostrum —prominent men and women from the professions, business and industry, politics, government, and the arts—speaking on the issues of the day to large audiences of our members and their guests. These speeches are recorded in our yearbook, *The Empire Club Addresses.* Members of the club each year receive a copy of this handsome book as part of membership. As well, close to 4,000 copies are distributed free of charge to school, college, university and public libraries across Canada. We are indebted to The Empire Club Foundation and its benefactors and donors for making possible this important contribution to Canadian life.

During the 1974-75 season, we added twenty-eight speakers to our total, fulfilling the best traditions and purposes of the club, namely, "the consideration and discussion of subjects and events promoting the best interests of Canada and the Commonwealth." Our 72nd year opened on a particularly high note on June 26, 1974 when The Empire Club of Canada joined with the Toronto Scottish Regiment, the Loyal Societies, and officers of the Toronto Garrison in welcoming Her Gracious Majesty, Queen Elizabeth, the Queen Mother, at a special dinner.

The rest of the year was memorable. World crises, inflation, recession, energy shortages, a resignation of a United States President and International Women's Year made news. Canada's new Governor General, the Right Honourable Jules Leger, graciously agreed to take over as our Honorary President, succeeding the Right Honourable Roland Michener. Canada's first woman Lieutenant Governor, the Honourable Pauline McGibbon, paid us great honour in becoming our Honorary Vice-President, succeeding the Honourable Ross MacDonald as the Lieutenant Governor of Ontario.

We also welcomed two outstanding Canadian women to our rostrum—Dr. Bette Stephenson, President of the Canadian Medical Association, and Beryl Plumptre, Chairman of the Canadian Food Prices Review Board.

The Empire Club of Canada, founded on sound and practical traditions, has succeeded and survived because of the spirit and dedication of its leaders and membership—a quality of loyalty and interest which keeps The Empire Club of Canada a unique and valuable organization. Being asked to serve as President of such a fine organization is a great challenge and a great honour. I thank all those speakers, directors, members and friends who helped to make the 1974-75 season so rewarding.

ARTHUR CHETWYND
President, 1974-75

The opinions and views expressed in the addresses contained in this volume are those of the speakers themselves and do not necesarily carry the full or partial endorsement of The Empire Club of Canada.

Edited by Arthur Chetwynd

Photographs by Geoffrey Share

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H. IAN MACDONALD

LORD KILLANIN

Dinner in Honour of The Toronto Scottish Regiment

In the presence of
Her Majesty Queen Elizabeth the Queen Mother
by the
Loyal Societies and Officers
of the Toronto Garrison
26th June, 1974

CHAIRMAN Brigadier General B. J. Legge,
C. ST. J., E.D., C.D., Q.C.,
PAST PRESIDENT OF
THE EMPIRE CLUB OF CANADA

GENERAL LEGGE:

Your Majesty, Your Honour, Your Worship, Colonel Johnston, ladies and gentlemen: I have infinite pleasure in welcoming you to this festive dinner given by the officers of the Toronto Militia District and by the Loyal Societies in honour of Her Majesty Queen Elizabeth the Queen Mother, the Colonel-in-Chief of the Toronto Scottish Regiment.

As Chairman, I have been asked to set the scene for this happy evening. Perhaps we might light-heartedly consider the fable of the American nun during the recent "energy crisis" in the United States.

The Reverend Sister was driving along a country road when she ran out of petrol. She walked to the nearest farm house and asked the farmer to give her enough gasoline to return to the convent. The farmer said, "I'll be glad to help you out, Sister," and they both looked around the dilapidated household for a container for gasoline. None could be found except an old bedpan which the farmer filled with gas. The Sister gingerly carried it to her car and was pouring it in her tank when another motorist, seeing the bizarre scene, jammed on his brakes and called to her, "Hey, Sister! I'm not of your religion but I sure admire your faith!"

Not everyone in this audience will be of the heady Toronto Scottish religion but we all admire the faith and accomplishments of Her Majesty's Toronto Scottish Regiment.

In the far-away depression year of 1939, Her Majesty made a magical tour of Canada and Toronto was alive with excitement for the first visit of the King and Queen to Canada. As a freshman, I remember standing in the guard of the University of Toronto Contingent of the Canadian Officers Training Corps and I have to concede, Your Majesty, that the guard was very inexperienced but gloriously loyal. It may interest Your Majesty to know that this was no mercenary loyalty because for three years of training each officer cadet received one cheque for $1.20 for the Royal Visit Parade. That works out to forty cents a year—and most of the cadets were so poor that instead of framing the unique cheque we had to cash it.

Then again, we recall with delight, Your Majesty's visit to your Regiment in 1965, with the splendid Mess Dinner in the Royal York Hotel. I mention that because of our indebtedness to your Canadian Equerry, Colonel Robert Hilborn, for being the talented chairman of that dinner and for working tirelessly to make it so memorable.

According to Aristotle, "If the citizens are of sound character I consider the town splendidly fortified." Because of the citizen soldiers in the Toronto Scottish Regiment, Toronto is a better place in which to live. Colonel Hilborn is still Her Majesty's Canadian Equerry, he is the President of the Duke of Edinburgh's Awards in Canada, is Past President of The Empire Club of Canada and is the Honorary Colonel of the Toronto Scottish Regiment.

Ladies and gentlemen, I call on a superb Canadian, Colonel R. H. Hilborn, to propose the toast to the Colonel-in-Chief, the Toronto Scottish Regiment.

COLONEL HILBORN:

Mr. Chairman, Your Majesty: No Regiment is more blessed in its Colonel-in-Chief than is the Toronto Scottish. We are deeply conscious of the signal honour of being the first Regiment in the Commonwealth overseas to be paid a private visit by a member of the Royal Family and of having the high privilege of welcoming in person our beloved Colonel-in-Chief. We are proud indeed because in the person of Your Majesty we have with us not just a symbol but the living presence of a Royal and dedicated lady—a Queen Consort who supported a family, a people and indeed citizens everywhere in the free world during its darkest days—the mother of our Sovereign and one who makes new the words "gracious" and "radiant", who has come to visit her Regiment to strengthen and encourage us.

If I may be permitted a personal reference—my Scottish forebear, Sir William Irving, guarded Your Majesty's ancestor, King Robert the Bruce, as he lay sleeping in Dunskellie Cave while the spider spun. He served as Equerry to The Bruce, and now some seven hundred years later I am proud indeed to fulfill the same role with Your Majesty.

The warmth of our welcome is bound up in a very special way with the admiration we feel for the qualities of heart and character which you possess, for what you are in yourself. Together with the late King, Your Majesty bore in so high a spirit responsibilities unparalleled in the world. In your daily life Your Majesty exemplifies those things we value most—faith in God, concern for your fellow man, consecration to the public service and a delight in the joys of family life, so that our affection for your presence is greater even than our sense of the splendour of your state.

Since 1937 when Your Majesty honoured the Toronto Scottish Regiment by becoming our Colonel-in-Chief, you have been a part of our lives and a focus of our loyalty, respect and affection.

Before we rise, and with Your Majesty's permission, may I say that, in deference to the very welcome ladies and the generally uninitiated Sassenachs present, this toast will not be with the customary Highland honours.

Ladies and gentlemen, please rise, charge your glasses and drink with me to the health of Her Majesty Queen Elizabeth the Queen Mother, Colonel-in-Chief of the Toronto Scottish Regiment.

GENERAL LEGGE:

Thank you, Colonel Hilborn. It has been aptly said by the Right Honourable Vincent Massey, our first Canadian Governor General, that Canada is the only monarchy in the Americas. To many Canadians, the monarchy is much more than a symbol and is a living example of everything good in the Canadian concept of service and way of life. The Royal House has always given leadership in charitable, educational, scientific, artistic, theatrical, musical and patriotic endeavours. On behalf of the Loyal Societies, Lieutenant Colonel R. C. Rutherford, Q.C., will make a presentation to Her Majesty, the Queen Mother. Colonel Rutherford is a former Commander of the Governor General's Horse Guards, is President of the Royal Canadian Military Institute, Vice-President of the Advocates' Society, and a leading barrister in Toronto. Ladies and gentlemen, Lieutenant Colonel R. C. Rutherford.

COLONEL RUTHERFORD:

Mr. Chairman, Your Majesty: the Loyal Societies were anxious to find gifts which would serve not only as a remembrance of this occasion, and the honour you do us at this time, but which might also provide some evocative expression of the fact of this happy and favoured land of Ontario.

It is for these reasons that we have chosen two watercolours by the Ontario artist, James Bessey, who is with us here tonight.

The first of Mr. Bessey's paintings is entitled, "Sugartime", which depicts the running of the sap in the maple sugar bush, a familiar sign of the joy of returning spring each year in our Ontario countryside. The second is "Hidden Valley", a representation of the splendour of the land wrapped in the silent mantle of winter.

We hope these paintings may sometimes bring you pleasure, Your Majesty, and we ask you to accept them from the Loyal Societies as a token of our abiding affection and respect.

GENERAL LEGGE:

Thank you, Colonel Rutherford.

To be the Commanding Officer of the Toronto Scottish Regiment is the quintessence of élitism. A well-known American garment manufacturer, Mr. Sam Levenson, was challenged about his patriotism by an American blue blood who boasted to Levenson, "My ancestors came over on the *Mayflower*," to which naturalised-citizen Levenson could only reply, "It's lucky for you that they did, because when I arrived here the immigration laws were much stricter."

The strict laws of admission to the ranks of the commanding officers of the Toronto Scottish Regiment were upheld when Lieutenant Colonel D. C. Johnston was appointed commanding officer. Like most militia officers, he is a successful civilian as an educational officer for the Ontario Government. Lieutenant Colonel D. C. Johnston will now present the regimental gift to Her Majesty Queen Elizabeth the Queen Mother, as Colonel-in-Chief of the Toronto Scottish.

COLONEL JOHNSTON:

Your Majesty, it is my privilege now to ask you to accept a gift which comes from all former and serving members of the Toronto Scottish.

If anyone can be said to be the very heart of our regiment, it is our Colonel-in-Chief.

You have travelled a long way to visit with us and words cannot express our gratitude. I hope that we are worthy and remain worthy of this gracious gesture on your part.

Your Majesty, on behalf of all members of the Toronto Scottish I ask that you accept this small token of our respect and affection.

GENERAL LEGGE:

Thank you, Colonel Johnston.

May it please Your Majesty to now address your regiment, the guests of the Loyal Societies and the Toronto Garrison dining here in your honour.

HER MAJESTY QUEEN ELIZABETH
THE QUEEN MOTHER:

I thank you, Colonel Hilborn, for your kindness in proposing my health.

I am deeply moved by the manner in which this toast has been honoured.

May I ask you, Colonel Johnston, to convey to all ranks of my regiment my heartfelt thanks for this beautiful goblet, etched with the regimental badge.

As I drink from it, I will always remember with happiness those days, in peace and in war, when I have visited the Toronto Scottish in its homeland and in mine.

Ever since I was last here, nine years ago, I have been looking forward to coming to Toronto once again, and to a reunion with my regiment. Each time that I have been in this city, your kindness and friendship have stirred my heart, and tonight, you have again shown me the same generous hospitality I have come to know so well.

I am so very grateful to the Loyal Societies, represented here this evening, for the honour you do my regiment, and for the opportunity you afford me of dining with them and with you.

I am indeed deeply touched by your gift of two very fine watercolour paintings by Mr. James Bessey. These Ontario winter landscapes show me a part of this province which I have not yet seen, and they will be a constant reminder of many pleasurable and interesting visits, and will be a stimulus to me to come again and go a little further afield.

I know that in this city, and province, you have strong and historical associations with the United Kingdom, and that you continue to enjoy and preserve those ties. The majority of your earliest pioneers came from Great Britain, but in recent years, most of the newcomers to Toronto are of neither British nor French origin. Here, people from all over the world are finding opportunities for full and rewarding lives. They are able to choose their various ways of being Canadian, respecting others, but not forsaking their own traditions. They owe much to their own efforts but they also are sharing an inheritance which you, in the Loyal Societies, help to preserve.

For you, who cherish the links between Great Britain and this country, help, by your example, all Canadians to see the crown as a symbol of national sovereignty, belonging to Canadian citizens of every national origin and ancestry. You are all a part of a new and developing Canada, which, at heart, is still the Canada with which I fell in love when I first came here thirty-five years ago.

My affection for your country has grown ever deeper and stronger with each succeeding visit. I have great pride in your loyalty to the Queen—your Queen of Canada—and in your devotion to the many ideals which mean so much to us all. There is both room and need for ideals in our world today. It is through such loyal and enduring associations as yours—fraternal, benevolent, and military—with your common attachment to the ideals of freedom and your allegiance to the Sovereign, that the unity of the British Commonwealth finds expression.

This dinner is a particularly happy occasion for me, as it brings me an opportunity of meeting, once again, the present and former officers of my regiment, with their wives.

The presence here tonight of those of you who have served in two world wars, and in the years of peace, does me honour. The ideals that prompted and inspired your service, continue to be an inspiration to those who carry on, and who are prepared to devote so much of their time to the service of our regiment, and of our Queen.

The essential conditions of being a good regiment are to have achieved great things together, and to be determined on future achievement. May you who serve, and those who will follow you, continue to build upon our regiment's efficiency, loyalty, and devotion to duty, to the end that it will always be said: "This is the Toronto Scottish."

GENERAL LEGGE:

Your Majesty, it is impossible to say how moved we are by your gracious words and how delighted we are to be dining with you. The Loyal Societies flourish in Toronto because they advance Canada's best traditions of service to the Crown, to Canada and to others. To propose the toast to the Loyal Societies we have invited an eminent Barrister, P. B. C. Pepper, Q.C.

Mr. Pepper was born in the beautiful cathedral city of Lichfield and was educated at a unique combination of institutes of higher learning, the Peddie School in Newark, New Jersey, and at Oxford. He served with the Royal Canadian Air Force during the second war, and is a graduate of Osgoode Hall Law School, is a past president of the Medico-Legal Society, a member of the Council of the Royal Commonwealth Society, and is the President of the Advocates' Society. I have great pleasure in asking Mr. Pepper to propose the toast to the Loyal Societies.

P. B. C. PEPPER, Q.C.:

Mr. Chairman, Your Majesty: as a junior Flying Officer in the Royal Canadian Air Force I never dreamed that I would see the day when I would be entertained at a regimental dinner in the presence of high-ranking officers; and of a regiment moreover that had as its Colonel-in-Chief, a Queen. But there is sitting facing me a senior Air Force officer. To me he is an obvious Air Commodore. I think he must be Captain of the Queen's Flight. I confess to an apprehension in addressing this large audience but you give me confidence, Air Commodore.

The motto of this lovely province of Ontario is "Ut Incepit Sic Permanet Fidelis", which I interpret as meaning "As it began so let it ever remain—Faithful".

I rise to toast the Loyal Societies and I salute them in having been in the vanguard of those who cherish the faithfulness of that motto. But faithful to what? It would be easy to say "the British tradition", but I prefer to deal in specifics and suggest that Britain has given Canada four great gifts—a form of government, that of constitutional monarchy, the Common Law, a respect for the rights of minorities, and a sense of fair play.

Much could be said of the constitutional monarchy. I speak only of one element—the benefits to be derived by the public of having cabinet ministers elected and not appointed, and thereby being exposed to the scrutiny of colleagues on the floor of parliament.

Without in any way feeling smug—but on the contrary entirely sympathetic to the plight of our friends south of the border—it is nevertheless right to observe that the political survival of a leader, discredited before many of the electorate, would be utterly impossible under a British system of government.

The Common Law is the distillate of the common sense of centuries. At the Commonwealth Law Conference in London in 1955, I attended a dinner at the Guildhall, at which the then Archbishop of Canterbury, Dr. Fisher, praising the Common Law, said that when he picked up *The Times* in the morning the first thing he read were the law reports, because there was much sense in the reasoning of the judges. The Common Law rests on the reasoning of intelligent and wise men. Reason—a priceless gift. It has been said it is a fragile thing, reason. But it is all we have between ourselves and anarchy.

The same thought has been expressed by Felix Frankfurter of the Supreme Court of the United States, an inheritor too of the Common Law of England. "I do take law very seriously, deeply seriously, because fragile as reason is—and limited as law is as the expression of the institutionalised medium of reason—that's all we have standing between us and the tyranny of mere will and the cruelty of unbridled, undisciplined feeling."

As to the respect for the rights of minorities, I confess to having a wee bit of English in my background. There would be many here who would claim the same. But I graduated from high school in the United States. I doubt that there are many present who can say that. In American history books there is a whole chapter entitled "The Louisiana Purchase of 1803", which describes how Napoleon, pressed for monies to wage European wars, sold all French North American possessions to the fledgling United States. It was a great swath of land, running from Champlain in New York through Fort Duquesne (now Pittsburgh) in Pennsylvania, to Louisiana and the Gulf. It was not only a large territory but it contained, at the time, a large population whose language was French. As we all know, there is little French spoken in the United States today. Napoleon was unable to sell the French possessions north of the St. Lawrence, because Wolfe got there in 1759. I have often thought how fortunate it was for Canada that the General who scaled the Heights of Abraham turned out to be British. And why?

With their traditional sense of respect for minorities, and what Churchill called in a later war "the spirit of magnanimity in victory", the British caused to be passed the Quebec Act of 1774. This generous and handsome statute preserved to the French settlers their religion, their language, their laws and their customs. Without Wolfe, and without that sense of respect for minorities, the French language would be today as extinct as it is in the United States, because Napoleon would have sold the French possessions north of the St. Lawrence with the other French possessions in North America to the United States in 1803. In my opinion Canada has greatly gained from the flourishing of her French culture, and the United States has lost by its extinction in the melting pot.

Fair play is what the English call "cricket", a sense of decency which is the hallmark of the civilised man. My late father-in-law, Dr. Palmer, was fond of pointing to a Union Jack and saying, "Whatever else, you can rely on it—wherever that flag was planted, men were treated fairly." Dr. Palmer was a Toronto surgeon. He was born in Petrolia, Ontario, graduated from the University of Toronto medical school shortly before World War I, and then served as a Medical Officer in the trenches in that frightful struggle.

On one occasion, seeing two men caught on the barbed wire in no-man's land, he took a pair of wire cutters and accompanied a stretcher bearer party and, under a hail of machine gun fire, cut the men off the wire in which they were entangled and brought them back to the relative safety of a dug-out. The doctor left us some twenty years ago, but his wife, now in her mid-eighties, courageously survives. She has a photograph in a silver frame, browning a little at the edges since it was taken nearly sixty years ago, but unmistakably of herself and the doctor in the courtyard, equally unmistakably, of Buckingham Palace. The doctor had just received the Military Cross from the King.

I venture to relay this personal story because this photograph, being a memento of an occasion when my father-in-law met, Ma'am, your father-in-law, serves I hope to bring home to you in a personal way, the affection and esteem in which you and your family are held by so many of us here in Ontario.

But I revert to my toast. I have endeavoured to describe briefly the great gifts which the British people have given to

Canada. These gifts have been treasured and cherished by many in Canada but, I think, here in Ontario, none more than by the Loyal Societies.

I ask the Company to rise.

My toast is to the Loyal Societies—Fidelis.

GENERAL LEGGE:

Thank you very much, Mr. Pepper, for your eloquent and persuasive words. You had a good case and the Loyal Societies are acquitted with honour.

Sir Wilfrid Laurier perfectly expressed the joy of Canadians in our diversity. "I love the France that gave us life. I love the England that gave us liberty. But the first place in my heart is for Canada, my home and native land."

Our only living former Governor General is the Right Honourable Roland Michener, and he is better able, than any other Canadian, to know the truth of those sentiments because he was indefatiguable in travelling this country as the Queen's representative. Mr. Michener is a Rhodes Scholar and still possess much athletic competence, particularly at the Grey Cup games. Mr. Michener's honours and recognitions in the fields of learning, politics, diplomacy and public life, both nationally and internationally, are legion. We are delighted that Mr. and Mrs. Michener are able to dine with us on this Royal occasion. As the sixty-first President of The Empire Club of Canada, Mr. Michener will respond to Mr. Pepper's eloquent toast. Your Majesty, ladies and gentlemen, the Right Honourable Roland Michener.

THE RIGHT HONOURABLE
ROLAND MICHENER:

Mr. Chairman, Your Majesty: To be spokesman for the Loyal Societies, in the presence of Her Majesty the Queen Mother, Her Honour the Lieutenant Governor, the Mayor of Toronto, the Commanding Officer of the Toronto Scottish Regiment, and so many distinguished guests and members of these same societies and regiment, is not only a privilege, for which I thank you all, but, like most privileges, it carries with it a rather formidable responsibility.

By actual count, there are fifteen societies, ranging alphabetically from the Advocates' Society and including in their vast membership the associations which Mr. Pepper mentioned, as well as other military and patriotic societies. Even their officers, if all assembled, could scarcely be accommodated in this sizeable hall, and their membership, if laid end to end (mind you, this is not likely to happen), would stretch, I believe, from the Humber River to Thunder Bay.

Individually they are persons of such variety of talent, interests, and opinions, that I am sure that it would not be possible to speak for all at once. Also, in their collective groups there is such diversity, that the alternative to an inadequate and nominated spokesman, would be to hear all of our Presidents, *seriatim.* Mind you, that would be agreeable, but rather like what I listened to once, in the Assembly of the United Nations, when each representative of twenty-two Latin American republics rose to second a motion of congratulations.

At least I bring to the task an affection for them all, and a knowledge of and respect for their work, gained in large part, as patron or honorary officer, as I gave to them the encouragement and support of the Crown in the last seven years.

Perhaps I should mention one exception—a society in which I could gain no foothold, for reasons I do not quite understand—the Imperial Order of the Daughters of the Empire. However, my wife seems to have been able to fill that lacuna.

But I talk too much of differences. Tonight we are of one opinion in everything that matters. First, in thanking Mr. Pepper for the eloquent way in which he described our dominant interests and loyalties. We could not have desired a better advocate of our varied and collective social virtues, and he left no hint of criticism to be answered. We are grateful.

In another important matter all of us unite, and that is in affection and respect for Your Majesty. We have all joined, tonight, in tendering this dinner to the Toronto Scottish, a regiment which we rightly hold in highest esteem, and to do honour with them to Your Majesty, the Queen Mother, their Colonel-in-Chief.

The many loyalties which we represent: to the Crown, to our democratic and judicial traditions, our pride of ancestry and race, our regard for the Commonwealth, and our love for Canada, are all consistent, and symbolized by the person of our monarch.

Many of us remember, with emotion, how this unity was borne in upon us, when Your Majesty and our beloved King George VI brought all of Canada together by your visit in 1939. Again, this is a great occasion tonight, reminiscent of those happy days, and a time to renew both our affections and our loyalties.

GENERAL LEGGE:

Thank you very much, Mr. Michener.

A story is told of Saint Thomas Aquinas standing with Pope Innocent the Fourth in Rome while bags of treasures were being carried into the Lateran Palace. The Pope commented to St. Thomas, "The day is long past when the Church could say, silver and gold have I none." Saint Thomas replied, "Yes, Holy Father, and the day is also past when the Church could say to the lame man 'Rise up and walk'."

As with the Church, all noble regiments like the Toronto Scottish rejoice in their past and continuously strive to be ready to respond to any demand that Canada could ask of them during a future shock. To propose the toast to the regiment I have invited the Commander of the Toronto Militia District, Colonel R. W. Lewis.

In civil life Colonel Lewis is an accountant. He is concerned with all sorts and conditions of men and is a Director of the Good Neighbours' Club, a day-care centre for aged men. He is a member of the Royal Canadian Military Institute and the Imperial Officers Club and is a Vice-President of The Empire Club of Canada. Your Majesty, ladies and gentlemen, Colonel R. W. Lewis.

COLONEL LEWIS:

Mr. Chairman, Your Majesty: Canada and its militia are indivisible, for the militia in Canada was evidenced well over three centuries ago, and has been with us continuously since that time. It was before our country reached nationhood that our regimental system came into being with the passing of the Militia Act in 1855.

In the context of time, the regiment we are honouring tonight is young, but, as with life, the measure of achievement is not how long one has lived, but how one has lived to achieve. The achievements of the Toronto Scottish are many, and it all began fifty-nine years ago next Monday when the 75th Canadian Infantry Battalion was created. As Colonel Beckett and the members of his fledgling Battalion marched off to the Great War, little could they have guessed at the awful tally they would make on their return to Toronto four years later. Five and a half thousand men of the battalion went to that conflict, but only four and a half returned to the city. Over one thousand had been left dead on the field of battle, and half of those who did return had been wounded in the battles of that awful war. The battalion brought back a Victoria Cross, many other individual decorations and sixteen regimental battle honours, a remarkable record for a unit just four years old. Such was the patriotism of this new unit, and their determination that the threat of a similar holocaust should never catch them unprepared, that they sought to become part of the active militia.

Their dedication was rewarded and in 1921 the original battalion became known as the Toronto Scottish Regiment. The following year they formed an alliance with the renowned London Scottish, the first battalion of the British Territorial Army to take the field of battle in the First World War, and it is through this connection they adopted the distinctive uniform worn here tonight by the members of the regiment.

The most significant event in the life of the regiment, and the cause of this splendid dinner tonight, occurred in 1937 when Her Majesty graciously distinguished the regiment by accepting the appointment of Colonel-in-Chief. In 1939 the tragedy of history repeating itself did not find the regiment unprepared. The mobilization of the Scottish was impressive, for they were able to be the first formed Canadian regiment to reach the United Kingdom following the outbreak of war. The regiment was not long in Britain before it went to serve alongside the British expeditionary force in France. With the fall of France, the battalion returned to the United Kingdom and became a specialist machine gun battalion. As such, they were part of the raid on Dieppe. With the advent of the allied landings in Normandy, the regiment once again returned to France as part of the Second Canadian Division. The regiment subsequently fought in every action engaged by the Second Division in that theatre of war. Because of the regiment's specialist support role, they rarely fought as a formed regiment. Nonetheless, the accolades they received from their supported units were legion, and they distinguished themselves by winning many personal awards for gallantry. At war's end, they returned to their home city richer by twenty-one additional regimental battle honours.

Today, the regiment continues to serve as an active militia unit of the Canadian Armed Forces. It reflects those ingredients that have characterized its remarkable history: dedication, determination, competence, good fellowship, good citizenship, and a slight touch of arrogance. For these are the essential ingredients of a first class unit, and they are also the reasons why, if the need should arise, the regiment will make good its motto of "Carry on".

And so it is with pleasure that I have the privilege, on this royal occasion of a further milestone in the history of the regiment, to ask if it may please Your Majesty, and ladies and gentlemen, to join me in a toast to the Toronto Scottish Regiment.

GENERAL LEGGE:

Thank you, Colonel Lewis.

When Sir Winston Churchill was leading the free world as Prime Minister, during the Second World War, one of the boring, but ambitious, members of Parliament did everything he could to attract Sir Winston Churchill's attention. Dramatically unsuccessful, he caught Sir Winston leaving the House and said, "Mr. Churchill, I don't believe I have ever told you about my grandchildren." Sir Winston gallantly put his arm around the House bore and said, "My dear fellow, and I can't tell you how grateful I am for that omission."

Such is not the case with tales of the Toronto Scottish Regiment. Many of us Sassenachs cannot be perfect by becoming Scottish. Even in the Toronto Scottish Regiment, there are many like me who have not a drop of Scottish blood but who admire the accomplishments of the Scottish fact and inspiration in Canada. To respond to Colonel Lewis's toast is Lieutenant Colonel D. C. Johnston of the Toronto Scottish Regiment, which he has the high honour to command.

COLONEL JOHNSTON:

I am certain, Colonel Lewis, that all members of the Toronto Scottish sitting in this room this evening are most grateful to you for your generous and eloquent toast to our regiment.

The Scottish is well aware that many of those who toasted our regiment are members of other corps or regiments which are proud possessors of splendid histories. Your gesture was therefore most kind and generous. Thank you.

The regiment would wish me to express its heartfelt thanks to the many Loyal Societies and other institutions which have sponsored this dinner. I cannot imagine a more glorious occasion and we are indeed grateful.

I would like, at this time, to bring to your attention the fact that Her Majesty has brought with her to Toronto some close friends of ours. As most of you know, the Toronto Scottish has been allied with the London Scottish for over fifty years. We are privileged to wear their cloth and to share many customs and usages with them. We are delighted then, to welcome to Toronto Colonel Penman, Joint Honorary Colonel, and Major Holliday. who commands the London Scottish Company in the 51st Highland Volunteers.

At the end of the last visit of Her Majesty to our city some nine years ago, I overheard a conversation in our mess between a young subaltern and a retired officer of mature years. The young chap said, "What on earth can we do for an encore?" The older man looked him full in the face and replied, "Train, train again and then train some more."

This regiment is mindful of the fact that in order to justify the confidence of those set in authority over us, it must strive in the future to measure up to an exacting standard of readiness. The Toronto Scottish does not intend to rest on its laurels.

Again Colonel Lewis, ladies and gentlemen, may we thank you for your kind and enthusiastic toast to our regiment.

GENERAL LEGGE:

Thank you Colonel Johnston.

Ladies and gentlemen, this dinner in honour of the Toronto Scottish Regiment in the presence of Her Majesty Queen Elizabeth the Queen Mother is adjourned.

Thank you and goodnight.

Her Majesty Queen Elizabeth the Queen Mother with Major General Bruce J. Legge and Sir Arthur Chetwynd, Bt., President of The Empire Club of Canada.

NOTE FROM THE PRESIDENT

It is always an outstanding occasion when The Empire Club of Canada has the opportunity of taking part in welcoming members of the Royal Family. The dinner in honour of the Toronto Scottish Regiment with their Colonel-in-Chief, Her Majesty Queen Elizabeth the Queen Mother, in attendance, on June 26, 1974, was such an occasion. Members of the Empire Club played an important part in the arrangements for this outstanding event.

Brigadier General B.J. Legge (now Major General), Past President of The Empire Club of Canada (1958/59), was Chairman of the Dinner Committee.

Colonel Robert Hilborn, Past President of The Empire Club of Canada (1964/65), served once again as Canadian Equerry to Her Majesty.

The Right Honourable Roland Michener, Past President of The Empire Club of Canada (1964), was an honoured head table guest.

Also serving on the Dinner Committee were: Robert Armstrong, Past President of the Empire Club of Canada (1973/74); your 1974/75 President; John Fisher, First Vice-President of the Empire Club of Canada; Colonel R.W. Lewis (now Brigadier General), Third Vice-President of The Empire Club of Canada, Commander of the Toronto Militia District; three other Directors — Major Chas. C. Hoffman (Head Table Room), Dr. James A. Parish (Reception), Vladin Milic (Publicity), and Colonel R.C. Rutherford, President of The Royal Canadian Military Institute and a member of The Empire Club of Canada.

Her Majesty Queen Elizabeth the Queen Mother meets His Worship David Crombie, Mayor of Toronto.

OCTOBER 3, 1974

The Citizen's Protection Against Bureaucracy

AN ADDRESS BY Dr. Randall E. Ivany,
OMBUDSMAN FOR
THE PROVINCE OF ALBERTA

CHAIRMAN The President,
Sir Arthur Chetwynd

SIR ARTHUR CHETWYND:

Distinguished head table guests, ladies and gentlemen: It is most appropriate and in keeping with the best traditions of The Empire Club of Canada that the Reverend Dr. Randall Ivany should be here as the speaker to open our seventy-first season. One of the important traditions of our club is our support of the concept of the Commonwealth, derived from two old English words "common weal", or in today's language the common good.

In his capacity as the recently appointed Ombudsman for the Province of Alberta, Dr. Ivany's life is deeply involved in the common good of the citizens of that province.

As government and business grow bigger and more complicated, individual human needs and rights often become lost in the plethora of computers, buttons, electronic gear and other marvelous inventions of human technological ingenuity. This, coupled with an increasingly impersonal and bureaucratic way of life, tends to engulf and confuse many of us.

We can fly to the moon—and back. Team Canada '74 can play hockey in Moscow and we can see and hear it instantaneously in Canada. But our wisdom and our ability to deal compassionately and justly with those persons in our society less fortunate than ourelves is far from perfect.

The function of an Ombudsman is to speak for, and to act on behalf of, individuals who are being dealt with unfairly due to some of the inflexibilities in our system. The Province of Alberta (known to some as the "Sheikdom" of Western Canada or the land of the "blue-eyed Arabs"!) supports the office of an Ombudsman. At present, our own Province of Ontario does not. I am not quite sure whether this means that Alberta is more progressive and sees the need, or that Ontario is all pure Christian good will! We will have to leave this decision to government leaders, the legal profession, and public conscience.

Dr. Ivany is ideally trained and gifted for the position of an Ombudsman. Born in Newfoundland, he received his high school and university education in Toronto. In 1961 he moved to Alberta. He started where Canada started, gathered his educational goodies in "Toronto the Good", and then heeded the call of "Go West Young Man, Go West!"

His academic training and experience is wide and varied. After obtaining his Bachelor's Degree in Electrical Engineering, he spent three years in the business world with Canadian Westinghouse.

In 1958 he returned to Wycliffe College at the University of Toronto to read theology, graduating in 1961 with a Bachelor of Theology degree. Then followed a period at St. Augustine's College in Canterbury, England, for special studies in Anglican theology. After his ordination he served parishes in Calgary, Red Deer, and Oklahoma City. He was elected Dean of Edmonton and Rector of All Saints' Cathedral in 1970. In 1973, the University of Toronto conferred on him the degree of Doctor of Divinity.

Dr. Ivany has a deep concern for community service. Most recently he has been President of the Edmonton and District Council of Churches, a board member of the YMCA, and a member of the Planning Advisory Committee, Alberta Rehabilitation Council for the Disabled. He still serves the Anglican Church in Canada on its General Synod Organization Committee and was an initiating force for the Canadian College of Preachers. As well, he pioneered the development of a senior citizens' high rise complex in downtown Edmonton.

Chosen from a large list of distinguished applicants, he assumed his present office as Legislative Ombudsman for the Province of Alberta on May 1st, 1974, for a term of five years. A family man, Dr. and Mrs. Ivany are the proud parents of three daughters.

I am honoured to welcome the Reverend Dr. Randall Ivany and call on him at this time to address The Empire Club of Canada. His subject is "The Citizen's Protection Against Bureaucracy".

Dr. Ivany.

DR. IVANY:

Mr. President. May I express to you my pleasure at your warm invitation, which has brought me here today. I remind you that the last and probably only time you have ever heard me speak in public was in delivering a sermon at St. Paul's Church, Bloor Street, Toronto, when I was the Anglican Dean of Edmonton. Perhaps it was the freedom of the gospel, which I preached that day and still believe fervently, that has enabled me to move into the office of Ombudsman for the Province of Alberta. From Dean to Ombudsman is not such a strange jump really. My present job may have one compensation. As you know, in the Anglican Church we tend to be strong Royalists. Each Sunday we pray for the Queen's Majesty. Some years ago I had an assistant who was rather nervous. One of the prayers for Her Majesty refers to her as our dear Queen. The curate managed to say instead, "Lord bless our queer Dean."

A new enthusiasm, almost a new religion, has been creeping through the democratic countries in recent years. This newness has been expressed as "ombudsmania". Twenty years ago the meaning of the word ombudsman was virtually unknown to anyone outside of Scandinavia, but today it is almost a household word, as familiar to the public-spirited citizen as "Tribune of the People" must have been in the Roman Republic two thousand years ago. The Ombudsman institution was established in Sweden in its modern form in 1809, then in Finland, Denmark and Norway. It passed into the English language and achieved statutory recognition in New Zealand in 1962, the first Commonwealth country to appoint an Ombudsman, followed by Britain, Alberta in 1967, Nova Scotia, New Brunswick, Quebec, Manitoba and Saskatchewan. The institution of Ombudsman has now spread as far as Tanzania in Africa, and Guyana. Many other countries, provinces, and states are in the process of working out some similar institution at this time.

In strict etymology, the word Ombudsman seems to be colourless. It means simply an officer or commissioner, but as everyone knows, it is now identified with the new constitutional device, new at any rate in the Commonwealth, by which, the state provides free service for investigating citizens' complaints against its own workings. The popular acceptance of the term "Ombudsman" cannot be doubted within English-speaking countries. In New Zealand, when that office was created, the Legislature entitled the act of incorporation "The Parliamentary Commissioner". In spite of the fact that the Act itself termed it "Parliamentary Commissioner", the office became popularly recognized as the "Ombudsman's Office".

An Ombudsman is regarded as the public's defender. Where bureaucracy hurts a person, he has the opportunity to beat it down. Professor Donald Rowat has noted:

> "Throughout the Commonwealth countries there seems to be a general attitude of complacency about the protection of the citizens' rights, perhaps engendered by the strength of the tradition of 'the

> Rule of Law'. People do not realize that due to the modern growth of administrative powers the meaning of this tradition has lost much of its content. In Canada, one of the most frequently voiced objections to the Ombudsman proposal is that it is not needed: citizens' rights seem to be adequately protected already, and one doesn't 'hear about' very many cases of persons who have been dealt with unfairly by the administration. The objectors do not appreciate that, since administrative action is secret, the great majority of such cases do not come to light. Only some of the most serious ones are revealed and, since they concern isolated individuals, often they are not widely publicized by the press and are soon forgotten by the public."

Since the opening of the Ombudsman's Office in Alberta in 1967, to October 31, 1974, 4,534 complaints were received, and of those 1,551 were investigated. Three hundred and ninety of them were found to be justified, or 25.14 per cent.

During the five-year period from the opening of the Ombudsman's Office in Quebec in 1969, he received 21,042 complaints. Of those, 10,434 were investigated. I believe his experience with justified complaints is comparable to my own, and that of the other Canadian Ombudsmen.

Besides the strong support given to the Ombudsman institution by these complainants that were so helped, there has been strong support from the news media, the Canadian Bar Association, and the International Bar Association throughout the years.

An Ombudsman compensates for his lack of direct revising authority with a political independence, which provides the persuasive tool in his negotiations and discussions with officials. When this fails, his main weapon to secure remedial action is publicity. He reports to the Legislature and the Press. Hence, as he fights city hall, his efficacy relies to a large measure on the public respect and confidence he enjoys. In most cases, the Ombudsman is a servant of the Legislature and not an appointment of the government in power.

At this juncture I would do well to point out that not all people in or out of political office were in agreement with the role of the Ombudsman, nor do all consider the office to be essential for the well-being of the public. One Member of Parliament in this country from Western Canada, has gone on record as saying, "If we as parliamentarians do our job properly and remember the real source of the problem is our own performance and if we get rid of so many of these boards of final decision and quasi-judicial bodies I think we will have eliminated many of the causes that might lead to the appointment of an Ombudsman."

The honourable gentleman was speaking, I am sure, for many who feel that the office is superfluous in a democratic society.

Needless to say, I would disagree with the Honourable Member of Parliament from Western Canada, and would lean more towards the comment of Sir Guy Powles, Ombudsman for New Zealand, when he mentioned that he was once approached by a school girl who asked him, "Why do we have to have an Ombudsman in a democracy?" His reply was that we don't have to have an Ombudsman in a democracy, but it's good and democratic if you do. (Perhaps some of you heard Sir Guy speak when he came to Canada at the invitation of the Canadian Bar Association in 1964.) I believe that many people who have been hurt by the bureaucratic process would answer in a similar way. Alberta's first Ombudsman, Mr. George B. McClellan, refers to a question from a journalist which was put to him, "Is not the necessity for an Ombudsman a clear admission of government's failure to correct injustices to the citizen, and the failure of the administrators of government departments to deal properly with complaints when they are received?" Mr. McClellan states that in his view, and certainly in mine, it does not necessarily follow that the appointment of an Ombudsman is an admission of failure. Far from the appointment being an admission of failure by the government to correct injustices it is in fact an illustration of government and Legislature under the democratic system anticipating the impersonality which can arise from the government or big industry, and taking steps to set up additional safeguards against injustice and discrimination or other practices of government departments, or agencies which may be unreasonable or wrong.

There are, of course, other alternatives to the Ombudsman institution. I realize that you are familiar with one alternative, the Royal Commission approach. In fact, it was following the recommendation of the Clement Committee that the Ombudsman institution was established in Alberta. In Ontario, Mr. Justice McRuer has referred to the various alternatives, and in his final recommendation, suggested that the Ombudsman institution might best be established on a municipal basis.

By way of comparison, I would like to briefly mention two specific major situations that arose in Alberta, each of which involved a provincial Correctional Institution. In the one instance, the Government decided to convene a formal public inquiry. As you might well suspect, a number of lawyers participated in that inquiry. A great deal of attention was given by the news media throughout the entire public inquiry, and in due course, the Commissioner presented his report to the Government which, as I understand it, recommended certain procedural changes. The Solicitor General indicated publicly that the recommendations of the Commissioner for certain procedural changes would be taken into consideration and implemented as soon as possible.

Interestingly enough, at approximately the same time the inquiry was going on, my office was similarly conducting a thorough inquiry into another very delicate situation involving another provincial Correctional Institution. However, my inquiry was not a public inquiry. I feel I should point out that this particular investigation was the most significant and major investigation ever conducted by my office involving an inmate complaint. As a matter of fact, my office also made certain recommendations for certain procedural changes, and I have received assurances from the Solicitor General's Department that the procedural defects referred to would be corrected.

There has been absolutely no publicity given to date concerning my investigation. This is the first time that I have even publicly referred to the fact that such an investigation was carried out by my office. I mention this case solely to illustrate the Ombudsman's style in pursuing an investigation.

Apart from the cost factor, this particular Royal Commission I have just referred to resulted in constant daily attention by the news media. This caused considerable unrest not only in the minds of the public, but among the staff and inmates of this Correctional Institution. I cannot help but feel that the low-key approach is often times the better working style, which is a view shared by my colleagues across the country. Publicity is in some cases absolutely essential, and with the help of my friends in the news media, we have been able to settle some cases through that alternative.

It will be no secret to most of you here today that one of the sociological phenomena of the present age is the ever-increasing computerization, automation and bureaucracy of daily life. Not many citizens escape the weekly request not to bend, fold, staple or spindle some computer card, a card that probably imparts some information that will seriously affect him as a person.

There exists today a growing impersonality of the society in which we live, and particularly of government at every level. Conceding to government the best of intentions, it is nevertheless increasing in size in a more and more complex and rapidly changing society, and the channels through which a citizen may seek redress of an injustice caused by a bureaucratic system have become complicated and obscure. But today we have government which undertakes to provide for its people many of the necessary services of our daily lives, which our grandfathers, and for some of us, our fathers, provided for their own families from their own resources.

Such expansion carries with it the inevitable necessity of delegating decision-making authority to more subordinate levels. At the provincial level, with which this Ombudsman deals, Deputy Ministers can no longer make all the policy decisions. Many such decisions have to be left to public servants at other levels. It is important, too, to realize that legislation or policy does not always make it possible to delegate many of the discretions which should be available to those who make such decisions. Under such circumstances, decisions will be made by the book, and the case of natural justice may fall by the wayside.

As an illustration, one particular investigation we handled resulted in the government agreeing to build a bridge for a farmer, spanning an irrigation canal that ran through his property. Besides having a bridge built, we also arranged to have the farmer's taxes adjusted, for it turned out that he had been paying property taxes for even that portion of his land that comprised the bottom of the irrigation canal. For some reason or another, no right-of-way had been obtained for this irrigation canal that had been serving the necessities of the complainant's neighbours. Although my office was not in a position to investigate the local government's decision to impose the taxes, we were in a position to work closely with the Alberta Assessment Commissioner, a provincial civil servant, and that portion of the complaint was also rectified.

The jurisdiction of the Alberta Ombudsman extends to the investigation of complaints against departments or agencies of the Provincial Government, including officers and other officials of those departments or agencies. I may not investigate matters which are entirely within jurisdiction of local governments, cities, municipalities, counties, school boards, etc. I may not investigate complaints about private businesses or commercial organizations. I may not investigate matters which are before the courts, or the actions of solicitors acting in any proceedings for the Crown. I am not a substitute for existing avenues of review and appeal which are available to the citizen. In fact, the Act specifies that all other existing avenues of review and appeal must have been pursued by the citizen before he comes to the Ombudsman, unless of course, the time for such appeals has lapsed.

What is the Ombudsman's function? I shall confine myself to the Alberta Act as an example. There are a few differences in other Provinces.

Primarily, he has the authority to investigate administrative decisions made by Government officials, and acts or omissions of such officials, where he receives a complaint that such act or omission was illegal, unreasonable, unjust, oppressive, or even wrong.

He may also commence an investigation on his own initiative, without a complaint being made, if he believes it to be in the interest of an individual, or in the public interest to do so. Our office has initiated such investigations on several occasions, particularly with regard to Provincial Mental Hospitals.

An article appeared a few years ago in *Weekend Magazine,* condemning conditions in one of the Alberta Mental Hospitals. The author of the article had herself admitted as a voluntary patient under false identity, and in the end, challenged any responsible official to investigate the authenticity of all of her accusations. This challenge was accepted by the Alberta Ombudsman's office, and the accusations referred to in the article were, as a result of our investigation, proven to be groundless.

To carry out his duty, the Ombudsman is given very wide powers indeed.

He may require the production, in his office, of any departmental file. These, I have found, to be my best tools and sources of information. Sometimes what the Department says publicly and what is on the file are not synonymous. The file will sometimes reveal that a Departmental decision taken in a case was a compromise, or an arbitrary decision, taken over the objections of some Departmental officers. Such a situation may well give the Ombudsman a lever.

The Ombudsman may, by summons, require any person to appear before him, with pertinent documents, and testify. To date, the invitation alone from the Ombudsman has been sufficient.

The Ombudsman is protected from legal action, or a review of his actions by the courts, except in matters of jurisdiction, or unless it can be shown that he acted in bad faith.

These are wide powers indeed, but they are countered by safeguards. In my view the genius of the thinking which brought about the institution of the Ombudsman is that it provides great authority to obtain the evidence he needs, and while he has access to any desk in the government, up to and including that of the Premier, *he cannot enforce his findings.*

He can, of course, carry his opinions and recommendations to very high levels, and he can *publicize* them.

Better than ninety-nine per cent of the cases in my office have been settled at the Departmental level. If not, I would take it to the Minister concerned. If we could not agree at that level, I could then refer the matter to the Executive Council or Cabinet. I believe this has been done only in a few cases.

Probably the case that had the most far-reaching results was one of our investigations directed against the Workers' Compensation Board. As far as the complainant was concerned, the results meant that the Cabinet ordered the Board to pay to the complainant $4,570. What it meant, however, for other complainants was the fact that from that time the Cabinet would have authority to implement the recommendations of the Ombudsman, and order the Workers' Compensation Board to pay certain monies out of the Accident Fund. An alternative procedure was provided in the compensation legislation, to enable the Cabinet to order the Board to refer the entire matter to the courts for assessment. Alberta is the only jurisdiction, to my knowledge, where the Cabinet can so intervene in a previous final decision made by the Workers' Compensation Board.

If I fail at the Cabinet level, I can still submit a report on my recommendation to the Legislative Assembly. There my report is tabled and becomes a public document, available to the news media, and open to the debate of the Assembly. There was, in fact, one case that the Ombudsman took to the Legislative Assembly, which he did not win at any level. An Alberta University Professor has done a survey, and I have been rather surprised by the amount of support that the public has given to the Ombudsman's fight in that case—apparently appreciating the fact that the Ombudsman did not buckle under.

One of the major reasons that the Ombudsman institution has received such favourable support from the public stems from the great gulf of impersonality that has arisen between government and the people it is supposed to serve. This is a situation not only with government, but with industry and the professions. If you have ever had to fight a computer, you will know what I mean!

The ballooning size of the Government apparatus in this age of the welfare state has, by its size and complexity, brought about a state of impersonality that was never intended or wanted. Furthermore, its existence often goes undetected by government. It is the Ombudsman's responsibility to balance the odds weighted against the citizen in his dealings with bureaucracy.

Many of the cases we investigate involve what can be classified as the gut issues of society. I am referring to those issues that appear to raise the greatest emotion—issues such as refused adoption applications.

In one such case, a couple contacted their lawyer to fight a Government decision that resulted in the removal of a child that had been left with them for a little over a year for the purposes of adoption. The lawyer in private practice was unsuccessful and he contacted my office to ascertain whether or not we might be able to assist. Our investigation involved a thorough examination of the Department's entire file, meetings with all the witnesses the social workers had interviewed and others besides. We soon learned that the complainant actually had a large amount of support among a number of the Government employees who had been working on the case. Certain errors of fact which had been presented to the Provincial Child Welfare Director were clarified, and within a reasonably short period of time, the matter was fully rectified and the child was returned to the adoptive parents.

It is my belief that one reason for the expansion of the Ombudsman institution so quickly and universally in recent years stems from the realization that the offices of government have become less and less accessible to the average person. The Ombudsman is just one more source in the maintenance of the democratic process. It is important to point out that he is a servant of the Legislature, not bound to the government in power. He is by no means the final answer, for there is no substitute for a concerned civil service and a vigilant public. The latter very often, I am sorry to say, leaves very much to be desired.

It has been a source of surprise to many civil servants that the Ombudsman can assist them in their personal disputes with government, over such matters as salary, reclassification, and ultimate pension benefits. As a matter of fact, our office has just concluded a very lengthy investigation concerning two demoted civil servants in the Liquor Control Board. The demotions have been lifted, salaries have been retroactively paid, and their pensions adjusted. This has lifted the morale not only of the civil servants in question, but also of their peers.

Many people consider the Ombudsman to be only the advocate of the complainant. In fact, one learned Chancellor in Eastern Canada has recently indicated that he hoped the new Ombudsman in Alberta would be more impartial in his new job than he was previously in the church, in the matter of church union. I took the occasion to write the Chancellor and advise him that the Ombudsman is indeed impartial up to the point where he has concluded an investigation, which determines whether or not he will *become* an advocate on behalf of the complainant. At that point, he is no longer impartial, but indeed, the advocate of the complainant, or a supporter of the government, depending on the outcome of his investigation. Sir Guy Powles expressed this thought on the question of the Ombudsman's independence:

> "It seems to me that the Ombudsman must carve and tread his own path, being careful to maintain his independence both of the executive and the judiciary so as to be able to build a tradition of strong and impartial criticism of Government administration on the one hand and of helpfulness to citizens in their dealings with the administration on the other. If this is achieved justice will be better served, and efficient and humane administration will be promoted."

Sometimes there have been confrontations, not only with respect to the relative merits of the complaint, but as to whether or not the Ombudsman was authorized to proceed with a particular investigation. One of these particular issues was referred by the Ombudsman to the Supreme Court of Alberta. Chief Justice J. V. H. Milvain has stated in his Judgment:

> "I am satisfied that the basic purpose of an Ombudsman is provision of a 'watch-dog' designed to look into the entire workings of administrative laws. I am sure this must involve scrutiny of the

work done by the various tribunals which form a necessary part of such administrative laws.

"It is to be noted that the Ombudsman has no power of reversing any decision, or of compelling an action or prohibition of any action. His function is to investigate and report, with necessary recommendations to an agency, the Minister, the Legislature and the Lieutenant-Governor . . .

"It must of course be remembered that the Ombudsman is also a fallible human being, and not necessarily right. However he can bring the lamp of scrutiny to otherwise dark places, even over the resistance of those who would draw the blinds. If his scrutiny and observations are well founded, corrective measures can be taken in due democratic process; if not, no harm can be done in looking at that which is good."

Dr. Ivany was thanked on behalf of The Empire Club of Canada by Mr. Peter Hermant, 2nd Vice-President.

OCTOBER 10, 1974

Journey to Canada

AN ADDRESS BY Sir John Johnston, K.C.M.G., K.C.V.O.,
BRITISH HIGH COMMISSIONER IN CANADA

CHAIRMAN The President,
Sir Arthur Chetwynd

SIR ARTHUR CHETWYND:

Your Excellency, distinguished guests, ladies and gentlemen: It is always a very important occasion when the Senior Officer representing the British Government in Canada pays an official visit to The Empire Club of Canada. Today is very special indeed. We have the opportunity of welcoming the newly appointed High Commissioner to Canada, Sir John Johnston, along with his wife, Lady Johnston. We are most honoured that Sir John has chosen this occasion to make his first official speech in Toronto.

The last time we were privileged to hear from a British High Commissioner to Canada was January 7th, 1971, when our 68th President, Dr. Harold V. Cranfield, who is one of our head table guests today, introduced Sir Peter Hayman, whom Sir John recently succeeded.

The topic of Sir Peter Hayman's speech, approximately three and a half years ago, was "Britain in 1971". The intervening time, although relatively short, has seen world events move at an incredible pace. In the ever increasing confusion and speed of life, one small quote from Sir Peter Hayman's speech in 1971 has great significance to me and I believe to our guest today. Sir Peter said, in part, and I quote, "I think for an Englishman, or a Briton, this is the most important and exciting post you could possibly come to in the foreign and Commonwealth service." I am sure that his successor, Sir John Johnston, agrees with that statement and I can assure him that we in Canada reciprocate this feeling. Close and fruitful bonds exist between Canada and the United Kingdom—bonds of culture, blood, trade and industry, which have made an inestimable contribution to Canada's development as a viable progressive nation in the world community as well as a senior partner in the Commonwealth.

Sir John Johnston has had a most distinguished career. Born in Cumberland, England in 1918, he received his early education at Banbury Grammar School and Queen's College, Oxford. He served his country with distinction in the Second World War in the Gordon Highlanders with the rank of Major, he took part in the D-Day landings in France. Those who were involved in that terrible conflict and survived acquired a special kind of instant maturity.

Our guest speaker joined the British Colonial Office in 1947. The list of his appointments and positions is quite staggering: Assistant Secretary to the West African Council, Accra, Principal Private Secretary to Mr. Oliver Littelton (the late Lord Chandos), Principal Private Secretary to Mr. Alan Lennox-Boyd, now Lord Boyd. He was Assistant Secretary and Head of the Far Eastern Department of the Colonial Office, preparing for the independence of Malaya, Deputy High Commissioner in South Africa, the first Commissioner at Freetown when Sierra Leone obtained *its* independence in 1961, High Commissioner in the Federation of Rhodesia and Nyasaland in 1963.

Recalled to London in 1965, Sir John Johnston became Assistant Undersecretary in the Commonwealth Relations Office, the Deputy Undersecretary in the Combined Commonwealth Office, and was appointed British High Commissioner at Kuala Lumpur in 1971. In recognition of his outstanding service to his country he was made a CMG in 1962, a KCMG in 1966, and, a KCVO in 1972.

In a more personal vein for a moment, Sir John must have subscribed to the notion that "he who travels fastest travels alone". What is known in the trade as a usually reliable source informs me that he remained a bachelor until 1969, or in cricketing terms, until he had reached his half-century! At that time his curriculum vitae indicates that Sir John conceded that two minds were better than one and succumbed to the superlative diplomatic blandishments of one Elizabeth Mary Crace. They have one son, John, aged four years.

Up to 1974, eleven distinguished men served in the Office of British High Commissioner to Canada. The first, Sir William Clarke, came to us in 1928. Sir John Johnston took up his appointment in Ottawa as the twelfth British High Commissioner to Canada in June of this year.

Ladies and gentlemen, I am proud to present to you His Excellency, Sir John Johnston, KCMG, KCVO, British High Commissioner to Canada, who will address us now and tell this gathering something of his fascinating and long "Journey to Canada".

Your Excellency.

SIR JOHN JOHNSTON:

I was born, like the rest of mankind, at a very early age. My journey to Canada began in 1918. It has been a fascinating journey, through many changes of scenery: and with glimpses of Canada in the distance all the way.

When I was eight, one of my farming uncles emigrated to Canada. When I was about ten, I was taken to a lantern lecture—if anyone in these televisual days can remember what that was—by Dr. Grenfell, about his work in the mission he had founded in Labrador. I still remember it vividly.

I grew up with that unbelievably magic invention, the radio. In the thirties, we all sat around it after lunch on Christmas Day, spellbound by the BBC's round-the-world Christmas broadcast. And always there was a Canadian voice: sometimes a farmer; sometimes a Mountie or a lumberjack; once, I remember, a children's choir singing in

French from Quebec; each year joining in the exchange of Christmas greetings between our kinsfolk round the world. I found it very moving. My father and I could scarcely look at each other lest we betray the emotion which so strangely overcame us in feeling ourselves part of that miraculous world family.

John Buchan was one of my father's heroes—the son of the manse (which I was also) who had worked his way through school and Oxford to become the Governor General of a great dominion. I have read that, in those years, Canadians themselves felt some uncertainty about their own identity. To a boy in England there was no uncertainty. Canada was there, like Everest or the Tower of London: the immense strong country of peak and prairie, the magnet for the adventurous, the shining hope.

It was a time when hope was needed, for I remember also unemployment and poverty: the photographs in the newspapers of the serried ranks of the hunger marchers. I see now, with hindsight, the borderline of penury on which my farming uncles subsisted during the years when I walked round the harvest field after the horse-drawn reaper and binder, trying to work out how any machine could be so ingenious as to tie a knot in a piece of twine. I see too, looking back, how circumscribed were the horizons of the people of those days, hemmed into a locality by long hours of work and the struggle to keep going; with a week's holiday in Blackpool, and a shilling left under the doormat to pay the final fling of a taxi when the holiday and the savings for it were spent.

Canada, I know, had if anything an even grimmer time in the great depression, with drought and grain failures adding to the desperate toll of world recession. But it was then a less communicative world, and we were perhaps less aware of each other's misfortunes than we would be in today's age of instant and visual communication.

Then came the change from undergraduate to soldier, as the peace we were all just beginning to enjoy disappeared into the cauldron of war. The landscape of my journey changed dramatically. But Canada was still a part of it, as in the liberation of Europe we fought alongside—and for a time, in the case of my own battalion, under the command of—General Crerar and the 1st Canadian Army, until we reached the gates of peace again.

That was thirty years ago. And what a different journey it has been since. Something happened after those six years of war that was born not only out of the war, but out of the 20s and 30s which preceded it: it wasn't just rebuilding, it was in some ways a new creation. May I ask you just to set aside for a moment the pressing anxieties of the present, and to sit God-like on Olympus and look at what has been achieved in those thirty years. It is only when I recall Britain as I knew it in my youth, and then look at the British people today that I realise what an immense silent revolution has taken place in our society.

We have brought about an enlargement of opportunity and horizon, a level of personal security, and a transformation in the quality of life for ordinary people, which would have been dismissed as Utopian dreams in my boyhood. There were twelve universities in 1939: for most young people a university education was out of the question.

There are forty-four today, and no one capable of a university education need go without it. Music, the arts, drama flourish as never before. The man-in-the-street takes his holidays in Europe. And as for the young, the world is their oyster. They roam it as freely as I roamed the English countryside on a bicycle. They have a social conscience towards the disabled, the aged and the under-privileged which puts to shame the self-centredness of my youthful generation.

You have only to see the quality of the applicants for Voluntary Service Overseas, or the queues for the concerts or the ballet, or the compassionate causes for which they so eagerly work, to realise that we have bred and brought up a new Britain, which will yet surprise the world.

My own journey over these thirty years has lain not so much amongst this new creation at home, but with the new creation abroad: for in those same thirty years Britain has accomplished a task of decolonialisation unique in the world's history. And while we are sitting on Olympus—and please don't come down for a minute or two—let us note with Olympian perspective what a brief period in Britain's thousand years of history was occupied by the British Empire: effectively, not much more than a hundred years, during which by the accident or genius of the industrial revolution, the people of our small island found themselves the leaders of the world.

I believe that during that period they contributed something of lasting value to the countries of whose destinies they were the guardians: and that in bringing independence to their former dependencies, they have responded to the human imperatives of the last two decades with equal wisdom and understanding. I make this claim not on the grounds that the British take an extra-large size in haloes: it's just that they have a very long experience of sin.

I saw these great processes at close quarters, for I served in the Colonial Office for the first ten years after the war, as the final preparation for that independence was being made, before (in 1957) I moved into the field of Commonwealth diplomatic relations. And as always, at intervals along the road, there were the glimpses of Canada, a strong ally in the great transformation of Empire into Commonwealth, and a source of many Canadian friends and colleagues on the way.

There's an old saying that it is better to travel hopefully than to arrive. I wish you to know that it is not true. For now, in 1974, I have after this long journey, arrived in Canada: and this is the best of all.

I have presumed on your indulgence to describe the journey a little, and have had the temerity to show you into seats on Olympus (and you can come down now), not to avoid having to refer to the fact that it is Election Day in

Britain, but because it *is* Election Day. Because I very much want you to understand, in proper perspective, what sort of a Britain it is that is having an election. It is a new, lively, questioning, evolving Britain, engaged in a passionate and wholly democratic internal debate about its own ends and means in the last quarter of this century, a debate of which today there will be an interim stocktaking: but a debate that will go on, as it must in every free society. It is this new and contemporary Britain which I am proud to come to Canada to represent.

And to what a new Canada do I come: a Canada in the full flood of consciousness of its own immense potential; a Canada alive with creative activity, economic, social and cultural; a Canada taking a place in the world's top ten of greater importance and greater influence than ever before in Canadian history; a Canada, perhaps—as more than one writer has suggested—entering into its Golden Age.

The question to which all this long preamble leads is this: what, in October 1974, have Canada and Britain to say to each other, and to do together—Canada, changing, drawing its identity now from its own soil and not from its origins, and Britain, changing, drawing its identity now not from an Imperial past, but from a pragmatic present? And the answer to that question is, plenty.

Plenty, because I believe that not only do Canada and Britain have a very similar idea of the kind of world we both want to see evolve, but we are together in almost all the instruments which may help to create it. We are together in the United Nations. We have a common concern for the less developed countries, and parallel programmes of aid to the third world. We are together in the Commonwealth, that remarkable aggregate of common denominators of communication between peoples of the utmost diversity whose relevance was so signally reasserted in Ottawa last year. We are together in NATO for the defence of our freedom.

There is between us, I think, a natural convergence of instincts and policies, sustained by an invisible web of countless ties of personal relationship and friendship, of a strength which—in the 14,000 miles I have managed to travel inside Canada in the last three months—I have found deeply moving.

So there is work to be done together, for today and for tomorrow. Today's work inevitably dominates the horizon. The last eighteen months have seen the economic assumptions of the post-war world swept away, with the shattering rise in the cost of oil and of almost all natural resources, and a world-wide disequilibrium of economic uncertainty. No country is immune from the consequences of the new equation. Britain as a major importer of oil, food and raw materials, has been badly hit by the avalanche of extra cost.

Last year our import bill went up by ten thousand million dollars, completely masking the fact that in the same year we increased our share of world trade for the first time since the War. Let me not seek to minimise the gravity of the problems facing my country, any more than any of us wish to minimise the gravity of the problems facing the world. Indeed it would be difficult to make light of them at a time when, to the uniquely British capacity for predicting the worst, and for publicising those aspects of our national life which we ourselves find most unsatisfactory, is added the accepted hyperbole of the electoral hustings.

Let me say just this. Two thirds of our massive adverse balance of payments represents the cost of oil: we should be self-sufficient in oil from the North Sea by 1980. The other third represents the risen cost of imported raw materials, food and manufactured goods. Since last December we have reduced that share of the deficit by 48%. The terms of trade which were moving so remorselessly against us are levelling off. And the volume of our exports is rising faster than the volume of our imports. We face some hard years ahead. Do not expect anything different. But do not doubt that we shall emerge on top, unless the world itself loses its will to win.

For it is in a world context—as was so clearly recognised in Washington last week—that the battle for the future of all of us, Canadians and British alike, has to be fought. This is the work we have to do together now: and I find it immensely heartening to see how closely is matched the determination of our two countries to fight to sustain the levels of world trade, and to avoid the deflationary policies which could so easily lead the world into a slump of nightmare proportions.

And there is specific positive action we can take in the purely bilateral context. It is this: quite simply, to see that trade between Canada and Britain, both ways, reaches its maximum potential. Last year we sold a record £414m of exports to Canada: we also bought from Canada a record £700m of imports. I won't conceal from you that I would like to rectify that imbalance more than somewhat. But above all, we must keep the wheels of trade, in which we both have so great a national interest, turning between us to their maximum revolutions.

There is work to be done together for the future, in a larger perspective and against a more distant horizon. It is not spectacular or theatrical work, and it won't often make the headlines. It is the search for ways forward for the world: the patient co-operation in a hundred different fields, seeking to put brick on brick in the construction of an international order that has less inequality in it, and less tension, and less famine and privation.

It is the ongoing task of mankind. And it is one in which we are so well equipped to work together, because we are similar peoples: peoples whose economic preoccupations are not an end in themselves, but spring from factors of humanity; peoples who believe in the rights and dignity of the individual; peoples who are each, in their own way, trying to create a compassionate society.

Can you wonder that I am glad to have completed my journey, and to have arrived in Canada? And that I am very grateful to you for the opportunity you have given me today to share with you some of the thoughts that are in my mind as I begin my mission in this so richly blessed country?

If I have dared to ask you to lift your eyes above some of the heat and turmoil of the day, it is not to avoid the turmoil, but because the massive truths of the community of our endeavours and aspirations can all too easily be veiled in the smoke and the dust. Let us not to the marriage of true minds admit impediment. It is to the deepening and strengthening of this whole compass of interest and affection between Britain and Canada, that my wife and I will give the best of which we are capable over the years ahead.

And it is my belief in the rich and boundless potential of the comradeship of our two countries on this troubled planet which, for me, makes my journey so worthwhile, and my arrival so infinitely welcome.

Sir John Johnston was thanked on behalf of The Empire Club of Canada by Dr. Harold V. Cranfield, a Past President of the Club.

OCTOBER 21, 1974

International Co-operation: Common Action for Common Problems

AN ADDRESS BY J. K. Jamieson,
CHAIRMAN OF THE BOARD,
EXXON CORPORATION

JOINT MEETING The Empire Club of Canada
The Canadian Club of Toronto

CHAIRMAN R. C. Meech, Q.C., President,
The Canadian Club of Toronto

MR. MEECH:

Ladies and gentlemen: It is a pleasure to welcome members of the Empire Club today along with our own members. A joint meeting of our two clubs always adds a special flavour to the occasion.

The last time the Canadian Club met, the subject was the restraining of inflation. Today I suspect that we will be hearing something about one of the major causes of the inflationary spiral—namely fuel costs. A headline in the *New York Times* the other day indicated that the world price of crude oil has gone up 400% within the past year. Each one of us has gradually learned that a rise in the price of crude affects far more than the price of gas for our car.

At this point in time oil is perhaps the key commodity of world trade, and yet for some of the oil producing countries oil has become a weapon of economic warfare. Some writers have indicated that the resulting disruption of the entire international payments system could, unless solved, eventually make oil a fighting issue for some countries. There is obviously a crying need for some form of international co-operation and that is the topic of our speaker.

Our speaker, who was born in Medicine Hat, Alberta, is the Chairman of the Board and Chief Executive Officer of Exxon Corporation.

Mr. Jamieson was posted to Washington during World War II where he was the Canadian Government's liaison man with the United States Administration for War. He therefore belongs to that generation that had first the great depression and then the Second World War on its hands.

Toronto remembers him as a director and vice-president of Imperial Oil in the 1950s. He became President of Exxon in 1965 and has been in his present position since October 1, 1969. From 1969 to today is a mere five years on the calendar but it represents a lifetime of change in the oil industry.

In coming to this joint meeting of the Canadian and Empire clubs in Toronto there is an element of homecoming for our speaker, who has travelled far from the foothills of Alberta. Ladies and gentlemen, I take great pleasure in presenting Mr. J. K. Jamieson, who will speak to us on the subject of "International Co-operation: Common Action for Common Problems".

MR. JAMIESON:

Mr. Chairman, ladies and gentlemen: The events in the world economy this past year seem to me to have made clearer than ever two facts about the external environment that our countries share.

One is how far things have come from the day when a single economic problem at a time—depression, reconstruction, economic development, or whatever—tended to dominate the international scene. Now we confront a much more complicated situation. Today there are a number of problems, each of them grave, which press in upon the world community.

The other is that the world is not going to make much progress in solving these problems without a great deal more international co-operation than we have seen so far.

Consider the world situation for a moment.

There is an energy problem—and I shall have more to say about that shortly.

There is the possibility of supply constraints on certain critical minerals and raw materials and, therefore, of shortages similar to those experienced in oil.

People are going hungry in the world and some experts believe there is a threat of widespread famine in the future unless food production is raised and distribution and consumption patterns are altered. Closely related to the food problem is the continuing question of what to do about restraining population growth.

There is inflation in large doses worldwide. And, meantime, balance-of-payments problems are afflicting both industrialized and underdeveloped countries and causing serious dislocation in the monetary system.

All these problems—and more—await our co-operative attention.

Yet when you look at the past year, what do you find? Some mutual progress, yes, but also renewed evidence that national interests are not easily submerged in behalf of joint responses to global problems. Many countries, including the United States, are having difficulty in solving and acting on their domestic problems. A lag in this process reflects a tendency which may already exist to turn inward and revert to more nationalistic policies toward trade and capital movements.

These attitudes may not be surprising. But they are disturbing. They are disturbing because they may impede efforts to arrive at satisfactory solutions to the problems we share. Carried too far, they could imperil the framework for international co-operation which we now possess. This would greatly diminish the chances of arriving at new and stronger institutions to facilitate trade, investment, monetary stabilization and foreign aid.

Let me take just a minute to put this framework in historical perspective, because I think we should understand clearly what is at risk.

It's worth recalling that it was not until almost the middle of the nineteenth century that Great Britain, then the leading world power, accepted the idea of free trade. From then on, we began to see treaties governing the international flow of goods and capital. Eventually, there was a network of agreements and institutions which provided both order and flexibility and which nurtured the increasing interdependence of nations.

Toward the end of World War II, we were faced with the final collapse of old empires and the old order. We set about creating a more formal structure that would retain the successful elements of the past and at the same time respond to contemporary requirements.

Thus, the Bretton Woods agreement of 1944 established the International Monetary Fund. IMF preserved the earlier principle of fixed exchange rates, added to it a comprehensive set of rules governing international financial conduct, and established a pool of currencies available to tide countries over temporary imbalances. The Bretton Woods agreement also set up the World Bank, recognizing the need for capital to maintain and stimulate economic development.

A third creation dating from the early postwar period was the General Agreement on Tariffs and Trade (GATT), which established a set of rules to promote the international flow of goods and services.

These instruments, supplemented by some important cooperative agreements at the regional level, provided the basis for expanding international trade and capital movements from the end of World War II on. Operating on a principle of nondiscrimination among nations, they stimulated a trend toward lowering the barriers to economic exchange. They also provided a framework of rules administered by accepted international institutions—in other words, a means for resolving commercial and financial issues that arose among countries.

By and large, the postwar system has been more economic than political in its orientation, a fact which has contributed to free international exchange. Yet, while care should be taken to preserve its good features, one need not argue that the system is perfect. On the contrary, it has been obvious in recent years that changes and repairs are in order—that there are certain problems that are beyond the capacity of the existing system, beyond what it was designed for. But to admit that rebuilding may be called for is not the same as advocating a retreat from the system and its principle of the progressive relaxation of trade and other restrictions. Rebuilding is a constructive course; retreating, in my opinion, is destructive.

Let me turn to the energy problem as an example of what I am talking about.

It's true that the world has moved from a position of oil shortage to oil surplus because of the end of the Arab oil embargo, the effects of conservation measures, and higher prices which reduced consumption. But our difficulties did not vanish with the lifting of the embargo. The long-range problems of energy supply and energy prices are still with us. There is still no stability about price levels and there is inadequate assurance about contractual terms for supplies.

For some years, consuming nations face the prospect of having to import more oil. They will have to pay more for it, which will aggravate both inflation and balance-of-payments problems. They will have to pursue use restrictions which are likely to be neither popular nor pleasant. For the next ten to fifteen years, there is the far more challenging task of sizably changing the world's energy supply mix so that our dependence on oil and gas is reduced.

Now let us look at some of the responses to the world energy problem.

One response has been a resort—often unrealistically—to the idea of self-sufficiency or energy independence. We saw a goal of independence proclaimed in the United States several months ago, where the government indicated that it will seek alternative forms of energy. In the meantime, however, the government has come to the realization that it is more practical to work toward *inter*dependence between producing and consuming nations.

Certainly, it makes good sense for any country to lessen its dependence on expensive and interruptible oil imports to the extent that it can and to the extent that it is economically practicable. What's more, the development of domestic resources is consistent with the world's need to make use of a wider range of energy sources. Yet it also must be recognized that complete self-sufficiency is beyond attainment for most countries.

Even Canada, which is distinctive in being both an industrial nation and a net exporter of energy, is likely to find itself, at least in the medium term, in a position more like that of consuming countries as it begins to experience a decline in conventional oil production. This first occurred in the United States in 1970. I understand it can be expected in Canada within the next few years.

One important step in the development of Canada's energy resources will be a pipeline system to bring natural gas from the western Arctic to the consumption area. Such a project will permit existing and expanded markets to be served at a time when production from existing fields is peaking. Because of the vast distances involved and the difficult engineering problems imposed by the Arctic environment, the cost of any pipeline will be in the multi-billion dollar range.

Such projects are necessary and can be justified. They illustrate, however, that even where self-sufficiency is possible, it is apt to involve the serious drawback of greatly increased cost. Maximum development of a nation's resources inevitably will require the discovery and processing of marginal reserves. This can be a very expensive experience, even compared with today's energy cost levels. And it can entail high social and environmental costs as well.

A second response to the world energy problem, almost a panic reaction, took place at the height of the crisis last winter.

Acting bilaterally, the governments of some major consuming nations started dealing directly with the governments of producing countries in an effort to assure continued supplies for themselves, regardless of the impact on others. In so doing they were adopting, in effect, an attitude of beggar thy neighbour, while also indicating what I believe to be an unjustified loss of faith in the market place and the private oil industry.

The trouble with this response is that in direct commercial dealings between governments, economic considerations tend to become overshadowed by political considerations. Beyond this, the consuming country gives up a degree of security and sacrifices some of the benefits that can normally be achieved by dealing with multiple and diverse suppliers.

But perhaps the worst aspect of these deals is that they tend to create an atmosphere of bitter contention and a seeking of preferences, not necessarily confined to oil. Such an atmosphere inevitably works to undermine the multilateral exchange of goods that has fostered international economic growth in the past.

Finally, there was a third response, very much related to what I have just said. During the worst of the crisis—and in the absence of any agreement among the consuming countries—the small amounts of oil that were auctioned by the producing countries became the target of a scramble at which prices were bid up again and again.

It is only natural, of course, for countries to look to their own interests in times of trouble, and to try on their own to resolve their difficulties. But it seems to me that nations do have an obligation to see to it that the actions they take do not damage others, and that the policies they pursue internally reflect an accommodation between their own objectives and those of other countries.

In addition, a co-operative approach is generally less costly for the nations involved. In other words, a sense of communal responsibility as well as enlightened self-interest is needed. I would hope this is the lesson that emerged from last winter.

As matters stand now, three issues, all related to the energy problem, strike me as of compelling importance and requiring immediate co-operative attention.

The first involves the relationship between the consuming and producing countries. It centres on the need, an urgent one in my opinion, to arrive at more satisfactory arrangements about the supply and price of oil.

Every nation has a justifiable concern for the rate at which its resources are consumed, and a right to negotiate with others on the terms on which these resources should be sold. But if the international system about which I am so much concerned today is going to work, the consuming nations, too, must have arrangements they can rely on for the long term. Producers and consumers must, in some way, work together toward a mutually agreeable outcome. Price changes must not be so sudden and so large as to be disruptive. It is necessary to recognize the worldwide concern over price movements which promote inflation and endanger economic stability. In short, there has to be more assurance and more stability in price and supply matters than we have had during the past year.

Just how that can be achieved is still far from clear. But there are already certain guidelines being discussed which can be followed by the consuming nations in dealing with the problem. It seems to me that these consuming nations must arrive at a closer basis for co-operating among themselves. In particular they should persist in the effort to create a supply-sharing mechanism to take effect in the event of a future emergency.

Here there are more encouraging signs. Twelve consuming nations, including Canada and the United States, are working on arrangements to take common measures to restrict oil consumption during a crisis, to build up and share petroleum stocks, and, in the case of consuming countries which also produce oil, to share domestic oil production among the other members.

In talking about common action, I mean a process of consultation by which solutions can be found which serve the long-term interests of all nations. As we move toward this objective, we should also aim, as far as possible, to move decisions about price and volumes back to the market place and the demonstrated competence of private industry.

Recent experience justifies this. In the selective embargo last winter, for lack of a practical alternative, the allocation of supplies was left largely to the multinational oil companies. Even their critics concede that they performed a difficult task well and largely offset the effects of the bilateral deals that were made.

So in general, the experience of last winter sustains the conclusion that the international oil industry can be relied upon to operate the system which discovers, produces, and distributes oil for the world economy. The private oil companies possess not only the technical and managerial skills required; they have the capital resources and the tested market systems to assure that supplies flow both efficiently and equitably.

A second general area in which common action is essential involves the development of resources. We need to bring order to the complex of rules and regulations which affect the environment in which we operate.

There should be more clarity and consistency, for example, in the rules designed to protect the natural environment. Another area of concern involves the seas, which occupy 70% of the world's surface and where such issues as navigation rights and mineral rights are increasingly important to the world economy.

Specifically, we need to bring greater legal order to such long-standing issues as the breadth of territorial seas, access and rights to mineral resources on the continental shelf and its margins, and rights to the resources of the deep seabed. The issue here is whether the international community can agree on a comprehensive legal régime for the world's oceans which will usher in an era of co-operation and development, or whether the oceans will serve instead as an increasing source of conflict among nations.

A third common action we need is to find some way of offsetting the adverse balance-of-payments effects of higher-priced energy imports. In 1973 the member nations of the Organization of Petroleum Exporting Countries (OPEC) had an income of $22 billion from oil. The estimated oil income of $85 billion by OPEC in 1974 is about four times the record figure of the previous year, and going higher.

International oil trade, as a percentage of total world trade, has risen from less than 8% in 1970 to about 20% in 1974. These figures are of staggering proportions, in terms of both the massive amounts involved and the substantial, but to some extent unforeseen, adjustments that must occur.

Difficult economic problems could arise even if the oil-exporting nations could spend all of their oil revenues. But these difficulties are compounded by the inability of the producers to increase their spending as rapidly as their income.

This means that importing countries' payment gaps will have to be closed by other means, either by sharply reduced growth or by long-term continuing financing of their deficits. The financial problems facing the industrialized countries are severe, and the plight of the resource-poor developing nations is particularly desperate.

Since last fall, the forecasts of inflation and payments deficits for virtually all countries have been continually revised upward, while growth rates have been revised downward. There is an increasing awareness by both government and business that a nationalistic approach is inadequate to reverse these trends. The solution must be an international one.

So far, the private financial markets have been the main vehicle for transferring the huge financial surpluses of producer countries to consuming countries in need of financing. But the ability of the private system to meet the need is limited. It is limited by considerations such as borrower creditworthiness and bank capitalization. While international organizations like the IMF can also play a constructive role, it would seem inevitable that, before very long, an increasing portion of the recycling of funds will have to be done under the auspices of multilateral government guarantees. An international approach has the best opportunity to meet the stringent criteria for solution of this problem. First, funds must flow to consuming countries in rough proportion to their oil-related trade deficits. Second, a substantial proportion of the producer country surpluses must be converted from short to long-term claims. Finally, the transfer of funds must be accomplished without adding undue instability in foreign exchange markets.

So we have to deal with supplies and prices, both current and for the long term. We have to develop resources. We have an enormous world balance-of-payments problem. All this constitutes a long and difficult agenda. It will not be resolved quickly. But it must be resolved at some point—and resolved co-operatively—if nations are to achieve lasting harmony and stability in their economic relations with each other.

I remember something that Prime Minister Mackenzie King said toward the end of the Second World War when I was still living in Canada. He was speaking on peace, security and prosperity, and he made quite clear the importance that he attached to interdependence.

"We maintain," he said, "that prosperity, like security, cannot be the possession of any nation in isolation. We believe that lasting prosperity will come only through international co-operation. In particular, we are convinced that Canada's prosperity and the well-being of our people, in all regions, and among all classes, are bound up with the restoration and expansion of peacetime world trade."

That statement was made nearly thirty years ago. It would be entirely consistent with its spirit to extend these views beyond trade to the international sharing of resources, to monetary co-operation and to co-operative solutions for the many serious problems which now afflict the world economy. In these enlarged terms, Prime Minister King's words still ring true.

Mr. Jamieson was thanked by Sir Arthur Chetwynd, President of The Empire Club of Canada.

OCTOBER 24, 1974

Abroad Thoughts from at Home

AN ADDRESS BY Ward Cornell,
AGENT GENERAL FOR THE GOVERNMENT OF ONTARIO IN THE UNITED KINGDOM

CHAIRMAN The President,
Sir Arthur Chetwynd

SIR ARTHUR CHETWYND:

My Lord Bishop, Your Excellency, Mr. Ministers, distinguished head table guests, ladies and gentlemen: Our guest speaker today is a long standing acquaintance and friend. I have known Ward Cornell personally for twenty-five years. Our paths have crossed many times. When he was in the educational field, so was I. Later on in his second career, the broadcasting industry, I too had entered a related field in the lively arts.

It is therefore most pleasing for me to introduce our guest speaker to you in his new capacity as Agent General for the Province of Ontario in the United Kingdom. This is his maiden speech to The Empire Club of Canada and, I believe, the first time for him to appear in public in Ontario to update us on the state of business between Ontario and the United Kingdom and to bring us an overview of the function of Ontario House in London, England in 1974.

Ontario House is a significant link between the United Kingdom and central Canada, particularly the province of opportunity, a fact which happily coincides with the best traditions of The Empire Club of Canada. The Agent General of Ontario represents a healthy third of the population of Canada, and an even larger percentage of Canadian productive effort, in the United Kingdom, our oldest trading partner, with whom we have always had such close family ties.

Perusal of a 1974 pamphlet *Ontario in Statistics*, published by the Ministry of Industry and Tourism of the Government of Ontario, the Ministry to which our guest speaker reports, makes interesting reading. Rather naturally, our trade with the United States leads the list by a substantial margin. However, in second place is our old friend in business, culture and commerce, the United Kingdom.

Ward Cornell has had a most successful and interesting life to date. After completing his secondary school education at Pickering College, he served for three years in the Canadian Army, reaching the rank of Lieutenant. He then attended the University of Western Ontario, graduating in 1949.

During this time he began to use his natural talents as a communicator to supplement his veteran's allowances by taking on freelance broadcasting assignments.

His next career began immediately after his graduation from Western when he returned to Pickering College, this time in the role of a teacher of English and History. There he remained until 1954. During this period his freelance broadcasting assignments were expanding rapidly, which led him to a third career, as a broadcaster.

He became a full time news editor at CFPL Radio, in London, Ontario, where he stayed until 1967. At the same time he served as manager of the radio division of the London Free Press Printing Company.

1967—Canada's centennial year was also a big year for Ward Cornell. He launched his own company—Creative Projects in Communications. During this time many Canadians will remember Ward as one of the regular stars of Hockey Night in Canada.

In the spring of 1972 he accepted his present appointment, to expand his talents as an educator, broadcaster and businessman to a most sensitive and important post.

Even his personal life attests to his all-round abilities as a productive and able Canadian. Georgina and Ward Cornell have five children, two daughters and three sons, and also one grandson as further indication that our guest speaker is an early starter as well as a strong performer in his approach to life!

Ladies and gentlemen, it is with great pleasure that I welcome Mr. Ward Cornell on your behalf, and at this time ask him in his capacity as the new Agent General for the Province of Ontario in the United Kingdom to speak to us. His subject, an intriguing title which requires careful enunciation—"Abroad Thoughts from at Home".

Mr. Cornell.

MR. CORNELL:

Mr. Chairman, Mr. Minister, ladies and gentlemen, and all the ships at sea! I never hear an opening salutation at a luncheon club without thinking of my very early childhood, and bedtime prayers, when I would try to prolong the official "end of the day" by listing off "God-blesses" for everybody on McKenzie Avenue. "Mr. Chairman, Mr. Minister", etc., is the speaker's way of prolonging the "beginning" of a speech. Beginnings are always difficult.

Well, after reading several volumes of Empire Club speeches over several decades, I should begin with what seems to be the traditional approach. Are you ready?

It is with a great mixture of pride, trepidation and fear that I welcome the opportunity of addressing you. Pride because this is a prestigious audience and, quite sincerely, I am honoured to be before you, talking on a subject of which I am most proud, Ontario. As for trepidation and fear (terror is perhaps a better word), I can assure you that it is not comfortable to be at a head table with one's bosses sitting alongside, listening and weighing each word to see if one is "saying the right thing and avoiding the wrong thing", and to have former teachers, knowing the address will later be published, listening for "incomplete sentences" and "mistaken cases of agreement", to have the Consul General outwardly calm and serene but internally "apprehensive" in case some personal evaluation may necessitate a prompt telegram to the Home Office, and finally, to have an audience who more than anything wants to learn if I've become, in two years, more British than the British!

I've been most careful, since returning home, to take the elevator not the lift, to walk on the sidewalk not the pavement, sneak a candy not a sweet, to wear a sweater not a woolly, to buy gas not petrol, to go to the drugstore not the chemist, and perhaps most important of all, to avoid wearing my suit that has a vest. As a matter of fact, I have only been caught out once and that was when a taxi driver, thinking he recognized me but not being quite sure, asked who I thought would win the cup and I replied "Ipswich"!

And it is good to be home, especially at this time of year. Autumn in Ontario, without doubt, is one of the most beautiful sights in the world. And it is exciting being back in Toronto—I have been overwhelmed by the changes. Last January, for example, the communication tower was really only a weird looking concrete pole. At Yonge and Bloor there was a big hole in the ground and now there is a most handsome complex. And this list of changes could go on. Two years ago, for example, your chairman was just plain old Art!

Not long after I arrived in Britain, I attended a reception at the Commonwealth Institute in the Borough of Kensington. My host brought a charming lady to where I was standing and said to her, "I'd like you to meet the Agent General for Ontario." There was an appropriate cocktail party squeal of delight, then a short but very pregnant pause, followed by a quizzical "And just what *is* an Agent General?"

The lady who posed the question was a Canadian and as I was setting about preparing my remarks for today, that conversation came back to mind. Perhaps the symbolic link of the Commonwealth Institute and the Empire Club brought it back but, more importantly, I realized that most Ontarions find themselves in the same position as that enquiring lady. I felt, then, that I could be of most service to you today, to my Ministry and to my Government, if I told you about Ontario House in London—who we are, where we come from, what we attempt, what we achieve and where we're going.

A few years ago, when I was visiting the State of Indiana, I kept asking everyone I met the derivation of their nickname "Hoosier". Where did the word come from? Much to my surprise, the majority of people didn't know and wouldn't hazard a guess. The answers from the remainder were so varied that no single definition emerged. The same is true of Agent General.

The British Government between 1799 and 1833 had Crown Agents in many of their colonies. As a matter of fact, the first one was in Nova Scotia. His nominal function was to transact the affairs and carry out the necessary correspondence of the colony but his real function was to receive and account for monies issued from the Treasury. Between 1833 and 1858, with the Empire expanding and, naturally the civil service along with it, there seemed to be two chief officers. These were called Joint Agents General. One of the originals was given seven of the thirteen colonies along with New Brunswick, Newfoundland, Hong Kong, Falkland Islands and the Gold Coast. The other was given the remaining American colonies plus South Australia, New Zealand, St. Helena and Helegoland. The practice of "two bosses" didn't work any better than it does now and so when one of the "chaps" retired, he was not replaced and the title "Joint Agents General" evolved to Agent General in 1860. But that term got lost during the next decade and the old term Crown Agent returned. Meanwhile, as representational government grew in the crown colonies, many wanted a representative back at the heart of the Empire, London, and the name was soon to return.

Ontario sent its first representative to Britain in 1869, just two years after Confederation and, incidentally, about three years before the Federal Government established a High Commission. Ontario has been there ever since. Our first representative was a Commissioner who was charged, and I quote, to take "steps as might seem desirable to promote the emigration to the province of persons able and accustomed to earn their own livelihood and likely to advance the material property of the province".

As other provinces in Canada and the states in Australia sent representatives to London, the term Agent General, for what reasons nobody really knows for sure except possibly it tied in nicely with the jargon of the day, became the accepted term and the major areas of activity centred around immigration, agriculture and trade.

Last year, 1973, the present Minister of Industry and Tourism, the Hon. Claude Bennett, re-defined in the Legislature the role of the Agent General in this modern era to reflect, more accurately, the responsibilities assumed. The Agent General has dual responsibilities—operational and representational.

Operational responsibilities refer to the programmes and activities of the Ministry of Industry and Tourism. Without going into great detail, let me tell you briefly some of the things we are working on. In the area of business development, which is the trade and industry side of our operation, Ontario House entertains about thirteen missions per year, a little bit better than one per month. These missions vary in their style but in a broad canopy can be called sales missions. Some of them are direct sales missions. Small Ontario business firms send a representative on a ministry-organized mission. Upon arrival in the United Kingdom, Ontario House has organized the itinerary of each so that he has the opportunity to sell his product to wholesalers or retailers or, more likely, secure for himself an agent or distributor. This is the most common kind of mission.

The second most common project is what we call an "exhibition" mission. In this particular activity, we encourage Ontario business firms to participate with other Ontario colleagues to show their wares at some large trade exhibition being held in London or, for that matter, elsewhere in the United Kingdom. Scotland is fertile ground these days.

In this past year, we have enjoyed tremendous success at two exhibitions at which, I am happy to say, the cash sales done right on the exhibition floor totalled over $2,000,000. The forecast for future sales was just as encouraging and satisfying.

One of the new developments, introduced last year, is a licensing mission. It is our feeling that there are some Ontario products that can best be promoted in the United Kingdom and, therefore, throughout the rest of the Common Market, through a licensing or joint venture arrangement with a British company. From this experimental licensing mission of twelve Ontario companies, ten made successful unions and are now enjoying the benefits of expanded markets.

Two other missions, product prospecting missions and business opportunity missions, are designed to add to our gross provincial product and to create new employment possibilities for our citizens. In one case, we are looking for new products that can be manufactured here at home and, in the other, exploring the possibilities of securing branch plants.

Aside from these planned missions, whatever form they might take, Ontario House offers a day-by-day on-going business development programme. We are constantly supplying information upon request from Ontario businessmen who contact us through the mails and/or drop into our offices. We offer a similar service to the British community who wonder what opportunities exist for them in the Ontario marketplace. In short, Ontario House offers a "storefront" service as well as a marketing service.

Tourism is another important part of our United Kingdom operation. Our thrust over the past two years has been to focus our attention and energy on what we call the travel trade. The travel trade are the carriers, the travel agents and, if you will pardon the expression in these uneasy days, the package tour operators. It was our belief, and our plan, to concentrate our efforts on these sources rather than engaging in a large mass-communications programme in order to increase European travel to Ontario. There are, of course, a tremendous number of variables when you talk about tourism. The rate of exchange, the charter rates, the mood of the people, the state of the economy, etc., all of the forces that go to make a tourism campaign successful come from so many different directions that no single entity can really claim credit for success. Having said that, however, at the end of the 1971 fiscal year, statistics showed that 370,000 people came from Europe to Canada with approximately 200,000 (55%) of those people going to Ontario. At the end of the 1973 fiscal year, two years later, 790,000 Europeans visited Canada, 477,000 of them coming to Ontario. In short, tourist travel from Europe to Canada doubled in two years and about 60% of them came to Ontario.

Breaking out the United Kingdom figures in 1971, an estimated 75,000 U.K. tourists came to Ontario, and in 1973, 232,000—about three times as many. This year, despite the fuel crisis, we will enjoy a 7% increase, and so, by the end of the year, over a quarter of a million travellers from Britain will have visited Ontario.

Selective placement, at the present time, is perhaps the most interesting of our working sections at Ontario House. It is interesting that this highly important service was the basic reason for Ontario first establishing an office in the United Kingdom over a hundred years ago. Immigration and manpower, as you all know, are federal responsibilities. Selective placement is the term that Ontario now uses as the service offered to Ontario business and which assists, supports, and complements the federal service. Let me tell you how it works. An Ontario businessman needs certain skills. He goes through Canada Manpower and, when these skills are unavailable in the Canadian market, he secures permission to seek outside the country for specialized personnel. The Ontario businessman then comes to our Ministry and through the selective placement section initiates a recruitment programme.

As soon as the programme comes to us at Ontario House, we begin a search for the kind of people needed and make arrangements for the Ontario companies to select personnel from the applications that we receive. The fundamental philosophy behind our programme is this (and it is a very important one): for every person that we selectively place from the United Kingdom to Ontario it is done with the thought in mind that *x* number of new jobs will be created. At the present time, this ratio is running, in conservative figures, 4–1. That is, to rephrase it, for every one person that we selectively place from the United Kingdom to Ontario, four new jobs are created in the province.

You all, I am sure, can imagine how busy our office has been in the past few months, and Canada House has been even busier. To give you some idea of the work-load, in the first ten months of this year, Ontario House has handled the recruitment programmes for 175 Ontario companies and has recruited 1,400 specialized people, compared to 96 companies served last year and six hundred successful applicants.

I do not want to devote any more time to the specifics of the operational side of our activities although I am extremely proud of them. Very quickly—we do have an active and effective agricultural programme that works out of the Ministry of Agriculture and Food. There is a continuing on-going communications programme with the general public and liaison with other Commonwealth countries. My staff does its best to help our citizens who, when vacationing in England, drop in to say "hello" and seek suggestions about places to eat, the best shows to see, the best tours to take and so on. We try to be of service.

Moving now to the representational aspect of the Agent General's responsibilities, it can best be described as assuming all of those duties that pertain to the government as a whole, or duties on behalf of one of the other ministries of government apart from Industry and Tourism. In the past twelve months, Ontario House has worked on projects with almost every other ministry of our government and these projects range from fact-finding research on "new towns" and "regional government" to working with officials at the High Commission in the long pursuit to sell CANDU to the British. Representation involves supporting visiting Ontario cultural groups ranging from the Toronto Symphony and the Mime Theatre to an under-fourteen boys' all star soccer team from Kitchener. It involves making contact with both the elected British Government representatives and the British civil servants. It means making contact with representatives of foreign countries to arrange meetings between Ontario ministers and their counterparts in foreign lands. It means many hours explaining Ontario's Land Transfer Tax and Ontario's Land Speculation Tax.

If a management consultant doing a job description analysis were to ask me how my time was spent (they always ask that question, don't they?) I would say 50/50 between operations and representation.

Many of these representational responsibilities involve dealings with the Canadian High Commission and the other provincial houses. I cannot let the opportunity pass without a comment on the new Canadian spirit that exists in Great Britain and the role that my fellow Agents General and the Canadian High Commissioner play in creating this spirit.

During the past two years, each of the provinces with houses in the United Kingdom, and there are seven of us, has placed a new emphasis on their activities. The days of what I call "pin-striped-cookie-pushing-duty" are over and have been replaced by action programmes that range over a broad spectrum from commercial endeavours to cultural affairs. And it isn't just the provinces who have changed. The Canadian High Commission, over the past two years, has headed out in new directions and has adopted new approaches. Our High Commissioner, His Excellency J. H. Warren, but better known to everybody in the U.K. community as "Jake", is cast in this new action mould. During his tour of duty as High Commissioner, Jake has "run the shop" and he has run it splendidly. I wish him well in whatever new responsibilities he assumes. And, of course, I look forward to the arrival in London of our new High Commissioner, Senator Paul Martin, with his vast experience in international affairs, who will add a new dimension to Canada's activities in the United Kingdom.

The co-operation, the rapport that exists between Canada House and Ontario House, and all the provincial houses, helps to make the Canadian presence in the British community a vital one. I must allude to one particular, exciting exercise of co-operation during this past year.

As you all know, the CANDU nuclear reactor is a product of the Federal Government through AECL. Ontario, through Hydro, is its best and happiest customer. Last autumn, when it looked as though the British were going to opt for the American light water reactor, the Canadian "producer" and the Canadian "satisfied customer" got together, determined to convince the British that a viable alternative existed. It was exciting for me to watch the Federal Minister of Energy, the Provincial Minister of Energy, representatives from Atomic Energy of Canada Limited and Ontario Hydro, the High Commission and Ontario House all working together to achieve a Canadian success on this scientific front. The effort did not succeed nor did it fail, because the British finally elected to go the heavy water steam generating route, a system compatible with ours, and, further, agreed to work with Canada on a partnership basis to explore future foreign markets. This total effort was co-operative federalism at its best.

Two weeks ago today, Election Day in the United Kingdom, I said to myself, "Wouldn't it be splendid if I could prepare, for the Empire Club of Canada, a short, concise evaluation of exactly what is happening in Great Britain and where that great country is headed?" Splendid indeed! As a matter of fact, if I were able to produce such a statement I would qualify for some kind of Nobel Prize for amazing insight or EESP (economic extra-sensory perception).

What's happening in Great Britain and, for that matter perhaps, throughout the world, defies a simple explanation. Everywhere you turn, there seems to be a strange dichotomy. For every Keynesian economist, there's a matching monetarist. For every prophet of gloom and despair, pointing to the collapsing stock market as evidence of ruin, there is the optimist from the Midlands who says, "My order book is full. My production is up. I'd like to expand." For everyone who says price and wage controls are essential, there's a matching chorus chanting, "The social contract will work." For everyone who says, "It will be the worst winter in British history," there is a countering voice saying, "It will be tough but not as bad as everyone imagines."

This list of 50/50s could go on. I think it reflects anxiety but not despair, uncertainty but not lack of resolve. The results of the election itself reflected this 50/50 feeling but with the proviso, albeit slight, "Let's get on with it."

Will Britain get out of the Common Market? Who knows? Perhaps the best guide in this matter are Ladbrokes, the turf/and all else accountants, who say the odds are 3–1 that Britain will stay in and about the same odds against a referendum being held.

What about devolution? Well, the nationalist vote, particularly in Scotland, reflected some deep grass root feelings, feelings that will likely intensify as output in the North Sea gas fields increases. But, as I said to some English friends a week ago, "Don't get 'up tight'—a federal-provincial system isn't so bad. As a matter of fact, in a world caught up in decentralization, it's a pretty darn good system." In the months to come, I'm convinced I'll be called upon more and more to explain the workings of the Canadian federal-provincial system.

Finally, an answer to the question that many visiting

Canadians ask me and, indeed, *Newsweek* magazine bluntly asked a few weeks ago—"Is Britain going down the drain?"

My answer is an emphatic "no". I can't give you "emphatic" reasons for this judgment except to say that it has to do with an attitude, a way of behaving, a manner of responding and reacting that North Americans, and the rest of the world for that matter, can't quite understand. It's a "backs to the wall", "bite the bullet", "Dunkirk" spirit that is difficult to describe, let alone understand. Mike Pearson, I think, captured the feeling best in an anecdote in the first volume of his memoirs. It was World War II, things weren't going well, and Mike, a Secretary at the High Commission, was having lunch with a British friend. He was exasperated by his friend who, Mike felt, was not displaying calmness in the face of crisis so much as smugness in the face of catastrophe. "One day," said Mike, "you people will lose a battle and only then realize it was the last one." The friend's reply, writes Mike, ended all further discussion. "But, my dear chap; if it was the last one, we wouldn't lose it."

That spirit still very much exists and is guaranteed to plug any and all drains.

In closing, ladies and gentlemen, let me add this very personal word. I have enjoyed the first two years of my tour of duty in the United Kingdom very much. I enjoy London, the whole of that "green and pleasant land" and the people who inhabit it. I enjoy my job and that is greatly due to the fact that new and progressive programmes and activities for our province are constantly being generated by my Ministry and because I have an excellent staff to help put these plans into operation. But, most of all, I enjoy, and am honoured by, the opportunity of representing the finest jurisdiction in the world—Ontario.

Mr. Cornell was thanked on behalf of The Empire Club of Canada by Major Charles C. Hoffman, a Director of the Club.

OCTOBER 31, 1974

Social Security in Canada — the Challenge Ahead

AN ADDRESS BY The Honourable Marc Lalonde,
MINISTER OF NATIONAL HEALTH AND WELFARE

CHAIRMAN The President,
Sir Arthur Chetwynd

SIR ARTHUR CHETWYND:

Chers invités, mesdames et messieurs: C'est toujours un plaisir de souhaiter la bienvenue à un orateur invité au Club de l'Empire du Canada pour la première fois. Aujourd'hui, c'est la première visite de notre orateur invité. C'est donc pour moi un plaisir tout particulier, Monsieur le Ministre, de vous souhaiter la bienvenue parmi nous aujourd'hui.

It must now be abundantly clear to all in this room that the years I spent on staff at the University of Toronto were devoted to the teaching of physical and health education—not in the study of romantic languages.

On your behalf, I do welcome to The Empire Club of Canada—most warmly—the Hon. Marc Lalonde, on this, his first visit as a guest speaker.

I hesitate to say that our speaker has a high profile. I heard somebody use this term recently on the platform, and a chap down front said, "So what! At our age, our hair isn't what it used to be!"

But in terms of the media, our guest *does* have a *very* high profile. A day does not pass without seeing his face or name in the printed media, or hearing or seeing him in the broadcast media. His is an all-pervading ministry—and he speaks out.

He tells us that we are too fat, we eat the wrong kinds of food, and we do not partake in enough physical activity. Bluntly, we are in bad shape. Personally I can only agree. However, I want to assure you that the report is not true—that his wish to reduce our intake of cholesterol inspired Mr. Whelan's department to keep large quantities of eggs off the market!

We do not know, either, whether our guest has co-ordinated his philosophy with that of the Minister of Finance, to ensure that the upcoming budget will provide the kind of austerity which history has shown people don't want, but which (if it doesn't go too far) always results in plainer diets, less disease and better general health for most people.

Mr. Lalonde's ministry is also responsible for the "Status of Women"—not necessarily their present status—but a *concern* for their present status and an ongoing interest in their playing a full and rewarding role in the life of their country.

Mr. Lalonde is concerned with health *and* welfare. He contends, and rightly so I think, that we do not have *enough* health. The contention of many others is that we have *too much* welfare—although it is probably much too simplistic to put it in these words. His ministry, therefore, must walk the tightrope between compassion for those who cannot look after themselves and maximum opportunity and freedom for those who can.

A review of his record to date must lead any unbiased observer to conclude that our guest is eminently qualified to carry out the duties and challenges of this very sensitive ministry on behalf of the citizens of Canada. Born in Quebec only forty-five years ago, he had an outstanding academic career, holding degrees from several universities including a master's degree in Law from the University of Montreal and a master's degree in Economics and Political

Science from that well-known institution of higher learning, Oxford University in England.

After completing his formal higher education, he was a professor at the Faculty of Law, University of Montreal, and also a lecturer in Administrative Law at the same university as well as at the University of Ottawa.

He was also in private law practice. His name has appeared on numerous boards of directors, government committees and commissions.

One small aberration appears in our speaker's career. He was special assistant to the Honourable E. D. Fulton, Q.C., the then Minister of Justice. Davie Fulton was known as a "gritty" performer, but could never be considered as one who welcomed "grits" with open arms!

After this one somewhat conservative experience, our speaker took a Diploma of Superior Studies in Law at the University of Ottawa.

It was in 1967–68 that his name began to be well known in political circles in his capacity as policy advisor to the late Honourable Lester B. Pearson. Following this he served as Principal Secretary to Prime Minister Pierre Elliott Trudeau. Since then his career has soared to its present heights.

I suggest that at least part of his outstanding professional, political and personal success must lie in the fact that he has the guidance and support of his wife and his four children.

Ladies and gentlemen, I have great pleasure, indeed, much honour, in introducing—to speak on the subject of "Social Security in Canada—The Challenge Ahead", the Minister of National Health and Welfare, the Honourable Marc Lalonde.

THE HONOURABLE MR. LALONDE:

Mr. Chairman, Mr. Michener, dear colleagues from the provincial government and from Metro, distinguished head table guests, ladies and gentlemen, mesdames et messieurs: I wish first of all to thank you, Mr.

Chairman, for your very kind words. If I may, in my turn, say a kind word, I will say that your French is *at least* as good as that of Mr. Diefenbaker. I am conscious of the great honour you have paid me in inviting me to speak to you today. The Empire Club, as one of Canada's most prestigious organizations, has had as its guest speakers a long line of Canada's leading public figures. Whether I can hope to qualify as one of these, or whether I should rather think of your invitation as being one to a person who has curiously diverse interests, ranging from football and beer ads to social security, the status of women and physical fitness, I don't quite know.

But you did not invite me here to jest about the hazards of political life or of political responsibility. In any event I want to talk to you today seriously about one of the most important subjects in the life of our nation, namely the social well-being, in the most complete sense of that term, of individual Canadians.

Most of you probably recall that a federal-provincial review of Canada's social security system was undertaken some eighteen months ago, with the objective of reforming and rationalizing that system. The need to do so was well recognized: social security in Canada had become a hodgepodge of unco-ordinated measures; all too often there was little incentive for people on welfare to seek to return to employment, even though the benefits in particular areas were pitifully small; and disputes as to the respective roles of the federal and provincial governments had reached such a point that social security was the rock on which the Constitution Conference foundered in Victoria in 1971.

When the Prime Minister asked me to take on the Health and Welfare portfolio I resolved that, *with* my provincial colleagues, we would together undertake the reforms that Canadians believed were required in the welfare system, and find a way of harmonizing federal and provincial measures so as to harness our energies to the service of individual

Canadians, instead of dissipating them in empty jurisdictional disputes.

We began the review with the Orange Book, the Working Paper on Social Security, which I tabled in Parliament and discussed with the provinces in 1973. With this as a starting point, we launched a series of studies to be done jointly by federal and provincial officials, under ministerial direction, on the main strategies outlined in the Orange Book—employment, income maintenance, and social services. Concurrently we set out to introduce those immediate reforms which clearly were required, and which would necessarily constitute a part of any reformed social security system. These included the improvement and rationalization of social security for older people, brought about by improvements in the Old Age Security Act and the Canada and Quebec Pension Plans; a first step towards meeting the inadequacies of family income that arise due to family size, effected by an increase in family allowances; and the guarantee of the purchasing power of all federal pensions and allowances, by indexing them to the cost of living. May I say, by way of digression, that I sometimes find myself wondering what the state of the weakest members of the Canadian community would be today had Canada's governments not combined to introduce these measures when they did.

By now, however, the first stage of the social security review is over: we have implemented the immediate reforms, and we are completing the basic initial studies. From here on federal and provincial ministers will increasingly confront the critical decisions which will have to be made if we are to achieve the rationalized social security system which is our goal.

There will be a lot of decisions, and they will be difficult ones. What, for example, is the best way—the most humane and most efficient way—of meeting the income needs of those who are unable to work: the physically and mentally handicapped; the single mothers who must remain at home to raise and care for their children; and the older people with no skills, a record of chronic unemployment, and no prospect of a job? And what is the best way, through income supplementation or otherwise, of ensuring that Canadians who are working, but at very low wages, receive incomes which are adequate to meet their basic needs? How do we ensure that these incomes from work are superior to the benefits which would be available to them through welfare? Above all, how can we design the social security system so as to provide adequate income support, and increasingly a combination of income support and income from employment, to people who are handicapped and otherwise unable to achieve full independence, while at the same time ensuring that people who are able to work are found employment, thus enabling them to achieve income security through income from employment?

These are some of the decisions we shall have to make—decisions about the design of a better social security system. But the decisions I want to reflect about today are the moral or ethical ones—the income levels which we as Canadians believe our less fortunate neighbours should be expected to live on, and the distribution of income which we believe to be fair as between higher and lower income people. To be more precise, what *is* a fair income in terms of basic needs or acceptable living standards, for the poorest members of the Canadian community? And what *is* a fair distribution of income between the highest and lowest income Canadians, given the economic impulses which drive our economy and given the social ethics of the community?

I recognize that these are touchy questions at times like these, particularly when every Canadian is deeply concerned about the protection of his own income in the face of excessive price increases and in the face of international economic uncertainty. But it remains that they are fundamental questions—all the more so because disputes over the sharing of income may contribute to further price rises, and because it is the weakest, the poorest members of the Canadian community who are suffering most as a result of the erosion of the purchasing power of their incomes.

So despite the hazards, I should like to talk to you about income distribution and basic income levels in Canada today.

The Facts of Income Distribution

First, some facts about income distribution, using the latest family income data available (1972). There were a total of five million families, including couples without children, in 1972. If you divide the incomes they received into five groups, here is what you find. Twenty per cent of the families, one million of them, received less than $5,516 a year. Of these one million families, 345,000 received less than $3,000 a year. Another twenty per cent received incomes from $5,516 to $8,941 per annum. Still another twenty per cent received incomes from $8,942 to $11,698. The highest income Canadian families, forty per cent of them, received more than $11,698, with half of them having incomes from $11,699 to $15,432, and the other half more than $15,432. Of the one million families earning more than $15,432, there were 190,000 who received more than $25,000 a year.

Each of us can draw his own conclusions from these data, but here are some hard facts as they impressed me. Twenty per cent of the families in this country were living on less than $5,516 in 1972. This figure was forty-nine per cent of average family income in Canada, which means that one fifth of all Canadian families were required to live on incomes of less than one half of the national average family income. Even more striking is the fact that the share of total Canadian family income being received by this bottom twenty per cent of families was less than six per cent: twenty per cent of our families received less than six per cent of all family income. Compare this with the fact that the top twenty per cent of Canadian families in 1972 received thirty-nine per cent of all family income.

I could go on giving figures—figures which, for example, would indicate that the distribution of the income of *individuals* is biased even more in favour of higher income people than is the distribution of the income of *families*. But I mustn't weary you with numbers. My point, my first point, is simply this: that there are a very large number of individual Canadians and families receiving a very small share of total income.

My second point is that the situation would be worse, very much worse, if it were not for the social security (or transfer) payments presently being received by lower income families, and for the progressive income tax being paid by people on high incomes. Do you know, for example, that without these measures the twenty percent of Canadians receiving the lowest family incomes in 1971* would be receiving not six per cent of total family income in Canada but only 3.4 per cent? Do you know, to look at this another way, that for families actually receiving $4,000 or less, over fifty per cent of their income came from transfer or social security payments?

Looking at the tax side of the picture, one sees the extent to which higher income Canadians are contributing toward the well-being of their less fortunate neighbours. Do you know, for example, that Canadian families earning $10,000 and more in 1971 contributed just under twenty per cent of their total family income to governments in the form of income tax? And do you know, to speak in terms of shares of income, that the income tax reduced the share of the total family income being received by the highest income families—the top twenty per cent of all Canadian families—by only two percentage points in 1971: from about forty to thirty-eight per cent?

Again, it is possible to draw any number of conclusions from these bare facts. But the point which impresses me is this: the distribution of income today, however small the share being received by the lowest income families, is vastly more equitable than it would have been without the tax and social security measures which governments have put in place. The price of doing this, of course, has been an increase in government expenditures—that is inevitable—as well as the equally inevitable taxation of the more fortunate families in Canada.

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*The latest available data on the incidence of transfer payments and of personal income tax by income class are for 1971.

My third point about income distribution in Canada will seem almost to contradict my second one. It is this: despite the redistribution measures governments have undertaken, that is despite the increases in social security payments and despite the progressivity of the income tax, income distribution in Canada has changed very little in the past twenty years. The share of family income going to the bottom twenty per cent of Canadian families has not increased; nor has the share going to the top twenty per cent decreased; and similarly, the shares of the middle sixty per cent have remained relatively constant.

Here are a few facts again, if you will bear with me. In 1951 the families in the bottom twenty per cent of the income scale received 6.1 per cent of total family income; in 1972 they received 5.9 per cent. Their share did *not* increase. Taking the families in the top twenty per cent of the income scale, their share of total family income went from 41.1 per cent to 39.1 per cent over the same period. And the share of the forty per cent just below that went up from 39.8 per cent to 42 per cent.

So the "shares" of family income enjoyed by these several income classes have remained remarkably stable over twenty years, *despite* the enormous increases in social security payments. If anything the relative position of the lowest income group has deteriorated. For whereas in 1951 the families on the bottom twenty per cent of the income scale had to live on 58.5 per cent or less of the median income, in 1972 they had to live on incomes of 53 per cent or less of the median. This is not to say that the absolute incomes of the poor have not risen: of course they have. But they have risen less rapidly than have average incomes.

Again you can draw any number of conclusions from these facts. But the main point, to me, is that the nature of the economic system is such that, despite the large increase in income transfers to families in the lowest income scales, those in the middle and upper income scales have been maintained at approximately their same share of total family income.

These, then, are three of the central facts of income distribution in Canada as I see them.

1. There is a remarkably large number of individual Canadians and families receiving a very small share of total income;
2. The share of income going to the lowest paid individuals and families has been increased enormously by the improvements in Canada's social security system, relative to what it would have been without these changes; but
3. Nonetheless, the share of income going to the several income classes (speaking in terms of five income classes) has remained remarkably constant over the past twenty years.

What do the Community's Values Suggest?

Bearing these facts in mind, may I come back to the question I posed at the beginning: "What are the basic, or minimum, levels of income, or ranges of income, upon which *you* believe Canadian families of different sizes should reasonably be expected to live? What is *your* view, what is the community's view, about income distribution?"

Note how I phrase the questions: what do you believe; what does the community believe? I do so intentionally, for in the final analysis it is the community's values which will decide these questions—not what someone thinks the community *ought* to believe. Put in terms of the federal-provincial social security review, the question will not be whether politicians ought to believe in a more or less egalitarian society, but rather whether they are able to "read" the community's values correctly, and express them correctly in terms of basic income levels, and in terms of income distribution generally.

I am not by any means saying that politicians should refrain from preaching for a more or, if they want it, a less egalitarian society. As for myself, my work in the Department of National Health and Welfare over the last two years should tell you where I stand on the matter. Politicians like all public figures and institutions—churchmen and churches, community leaders and voluntary organizations, individual spokesmen at the national and local levels—all have the right and frequently the responsibility to try to shape or to sharpen the values of the community. But when the time for government action arrives, governments will be forced to act within the broad bounds of the *community's* judgments. And so it must be, if the ballot box is to mean anything in the political process of this country.

So the job for governments, in the course of the social security review this fall and winter, will be to try to determine what kind of income distribution or redistribution would be consistent with the community's values.

We must be realistic about this, of course—as all the politicians involved in the social security review will surely be. In point of fact the community, taken as a whole, probably doesn't *know* what it thinks about income distribution. Individually we may grieve for the poor, or individually we may gripe about our taxes. But we haven't really been *asked* the question, as I have tried to put it in this paper: what are the basic, or minimum levels of income or ranges of income, upon which we as Canadians think other Canadians ought to be expected to live? And if these basic levels of income should be raised, should they then keep pace with increases in family incomes generally? When we reach an answer to these questions, will we be prepared, if it is necessary, to forego a part of the pay increases we might otherwise expect from the growth in the nation's income in order to raise the minimum or basic income ranges to the levels we think are more appropriate?

Those are the questions we must put, if we are to define a national conscience in the field of social security. It is not that they have never been put. A special Senate Committee suggested that "poverty levels" should be defined, and that family incomes should be guaranteed at seventy per cent of these levels. The level for a family of four, at today's prices, would be $5,040 I believe. Statistics Canada has attempted to define what they called "low income levels": their 1961 figure up-dated to July 1974 by the price index comes to some $5,826. Governments, too, have set minimum wages and, with them, family allowances, which imply—only imply, I emphasize—minimum income levels for a family of four of between $3,900 and $5,300, depending upon the province in which you live. Provincial social assistance allowances, another expression of some "minimum", ranged in July 1974 from about $4,000 to $5,400 a year for a family of four, including family allowances. The OAS/GIS income guarantee for a couple, aged 65 or over, in the same month was about $4,400 (which implies when combined with family allowances a figure of $4,880 per annum for a family of four). And the Report of the Task Force on Social Security recently prepared for the Canadian Council on Social Development suggested a "poverty line" of some fifty per cent of the median income—which today would come to something like $6,500 for a family of four.

You will notice two things about these numbers: first, that there are different *ways* to choose them, and that there is a wide *range* of choice. One way to choose the number, or numbers, is to define a "poverty level"—some absolute figure which is determined to be the minimum amount required to feed and clothe and house and provide personal care to a typical family. How much more should be included in such poverty, or subsistence, levels is a matter of judgment again, the community's judgment. I suppose it is a question as to whether we want to choose a bare subsistence level, or something better than that—say a "basic income level". Having decided that, we would then have to decide how to keep the chosen figure realistic, that is to say, how to up-date it.

Another approach is to say that the basic income levels should be chosen in relation to the average income actually being received by families of different sizes: that, for example, no family should be expected to live on an income of less than *x* per cent of the average income. Still another approach, and the one I am inclined to favour, I think, particularly when considering the wide variety of income needs to be met across the country, is the choice of a *range* of income over which income supplements should be paid. For the choice of a single "poverty number", particularly in a country like Canada, and particularly where the price of at least one necessity, accommodation, varies so much, seems to me a bit artificial.

As to the choice of the basic, or minimum levels, or ranges, of income upon which families of different sizes could reasonably to be expected to live, you will see from the numbers I have recited that there is a wide range of choice. How this choice will finally be made is a tough moral question, but I suspect when it comes right down to it, the final decision will be based upon three considerations.

First, the public will want to be assured that the system under which incomes are supported, or "guaranteed", for those who are unable to work or who are retired, and under which the incomes of the lowest paid working families are supplemented, is both fair and equitable. Is the system designed, for example, to ensure that governments do their utmost to find employment for people, those who have exhausted their abilities to find jobs, rather than simply resorting to guaranteed or supported incomes for them? To put this another way, is the system designed upon the assumption that everyone should do his best to help himself, before seeking the help of his neighbours? To be even blunter, is the system designed to avoid "rip-offs"?

With these assurances, and I believe governments must be prepared to give the public these assurances, the public will then want to know another thing. What standard of living would different levels or ranges of income guarantees, or supplementation, provide? What is required to provide the basic necessities of food, clothing, and shelter and personal care? What then would be required to provide something more than these basic necessities? And what would be required to provide a standard of living which represents some fraction of the average standard of living enjoyed by Canadian families?

With the answers to these questions, the public will then want to know what it would cost to achieve these different levels of income support. What proportion of the increases in national income in the next few years, to be more precise, would have to be allocated to achieve these different levels? And would these allocations of the increases in national income imply any material reduction in savings, and hence in investment, and hence in economic growth?

These are difficult questions, but they are the ones which will have to be answered, I should think, before we will gain a national consensus on this central issue of basic income standards in the social security review. And gain a national consensus we must. For one thing is surely clear to each and everyone of us: we cannot simply impose upon the Canadian people the moral judgment as to what they should contribute towards the support of their less fortunate neighbours. It is a judgment which they in the final analysis must make themselves. It is indeed, the national purpose which they, which we as Canadians, must declare for ourselves in the field of social security. This, I think, is what income security and income distribution are all about.

And in reaching our decision, I hope we will not simply think in aggregate numbers and figures, as I may have done already in this address, nor that we will easily allow ourselves to have clear consciences by merely continuing on our way while writing off all those "welfare bums". We are talking about real people, individuals, some more wealthy, some less fortunate, some very poor, and about how they will share.

Elections, especially frequent ones, are often seen as a nuisance by many people, including politicians. But one thing I have discovered about them is that they do bring politicians back in touch with the daily problems of people. I crossed this land a few times during the last election and my most vivid memories are not those of large rallies, or of big policy statements, but of a few faces here and there: those of that couple in the Gaspé area reduced to welfare after the husband became crippled with arthritis, who said that their welfare payments were reduced by $90 a year, because the wife took the trouble of growing a small garden in their backyard for their own needs; the face of that farming couple in Western Ontario, with the husband completely incapacitated in a wheel chair following a working accident on the farm, and the exhausted and desperate look in the eyes of his wife who was trying in vain to run the farm and raise a young family—they could see nothing before them but the vanishing of everything they had worked for, and eventually ending up on the welfare rolls; the beautiful face of that young Montreal woman, unable to use her arms because of cerebral palsy, who had learned to write, to draw, and to do needlework with her toes, who told me that her dream was to be given the opportunity to teach other handicapped people the things she had learned to do; the face of that other woman, handicapped in a car accident, subsequently abandoned by her husband and left with her two sons to care for without any support. Those faces, and many others like them, I promised myself I would not forget.

I am sure many of you know or have known similar faces. But we tend to forget fast, in our busy lives in an environment where poverty appears non-existent. I hope that at least the natural solicitude that Canadians, as a whole, are showing *vis-à-vis* our senior citizens, is going to be extended to all those in our midst who are in need, whatever their condition.

Mr. Lalonde was thanked on behalf of The Empire Club of Canada by Mr. Marcel Desautels, a Director of the Club.

NOVEMBER 7, 1974

There's No Such Thing as a Free Lunch

AN ADDRESS BY John E. Moles,
GENERAL MANAGER,
ROYAL AGRICULTURAL WINTER FAIR

CHAIRMAN The President,
Sir Arthur Chetwynd

SIR ARTHUR CHETWYND:

Distinguished guests, ladies and gentlemen:

"Some people tell us that there ain't no hell,
But they never farmed, so how can they tell?"

As well as being General Manager of the world-famous Royal Agricultural Winter Fair, our speaker today—Mr. John Moles—is a farmer and agriculturalist—by training and choice. As I lived and worked on a farm for the first twenty-two years of *my* life, perhaps we can jointly attest that there is some truth in that couplet by an anonymous writer.

Most city slickers are wont to refer to the farmer in terms of derision. You all have heard someone say "That farmer!" Why do we have *country* bumpkins but not *city* bumpkins?

The city child's exposure to the very important art and industry of farming in many cases is confined to rhymes and songs. In kindergarten they learned there was a "farmer in the dell". Later on they found out that "Old Macdonald had a farm".

Other than an odd trip to the country and consuming the products of the farmer's sweat and sometimes tears, those of the city have little feeling or understanding for the everyday life of those in the most primary of all industries—farming. By contrast, the country or farm child learns to take the bull by the horns quickly. In other words they have to come to grips with the basics in this life of ours, at a very early age.

After shovelling a few tons of "you know what" on the business end of a four-tined fork, incredibly long working hours with little or no discernible pay, it should not be surprising that increasing numbers of farm folk have left their original abode to answer the siren song of what seems to be, comparatively at least, a softer life, and easier money. That old song from World War I has taken on renewed meaning in recent years. Many are, indeed, now wondering, "How're you gonna keep 'em down on the farm, now that they've seen Paree?" or some Canadian equivalent of that beckoning metropolis?

Daniel Webster's statement on the subject has renewed meaning today for all of us: "Let us never forget, that the cultivation of the earth is the most important labour of man. When tillage begins, other arts follow. The farmers, therefore, are the founders of civilization."

In these worrisome times of "population explosion and famine", those who produce the things we need for our tables do, indeed, hold the future of mortal man in their rough-worn hands. We are fortunate in having with us today a man whose education, experience and lifestyle have prepared him so well to speak to this subject under the very intriguing title: "There's no such thing as a free lunch!" What he will have to say has important implications for all of us.

It is particularly timely that we should welcome as our guest today the "head knock" of Canada's "Show Window of Agriculture". Next week marks the opening of the 46th show. The "Royal", as it is affectionately known to every farmer, rancher, and cattleman in Canada and the United States, will have a particularly "Royal" touch this year in that Her Royal Highness, Princess Anne and her husband Captain Mark Phillips will be on hand for opening ceremonies.

John Moles, understandably, is very busy at this time of year. His whole life has been centred around farming and the products of the earth. From his birth, a few short years ago in Collingwood, Ontario, through high school at Ridley College, through obtaining his degree from the Ontario Agricultural College at Guelph, to his present very responsible position, he has been farm oriented.

An active athlete during his younger days, he is a man of very broad and proven experience in his chosen field. He has been:

—An international livestock judge
—A successful manager and salesman of animal feed products
—A mixed farmer—raising beef, hogs and turkeys, not necessarily in that order!
—The former manager of farm sales for the Ontario Hydro
—A successful and personable broadcaster and performer on CBC Radio and the well-known TV show "Country Calendar".

There is little in connection with agriculture that John Moles does not know about or has not been involved in.

Except for the years of World War II, when John served his country as a Lieutenant in the Royal Canadian Naval Volunteer Reserve, commanding one of those truculent little seagoing creatures—a corvette (an experience even more rugged than farming!), his interests have never wavered.

Even in marriage he kept everything together. Marsha Moles, herself a graduate from Macdonald Institute, and John Moles produced and successfully raised two children —one girl and one boy. They are happily able to enjoy three grandchildren, two girls and one boy (similar to our experience except we have two grandsons and one granddaughter). Surely an example of well planned, "mixed farming".

I am most pleased to present to you at this time John E. Moles, General Manager of Canada's own Royal Agricultural Winter Fair, and to ask him to tell us the reasons why "There is no such thing as a free lunch!"

Ladies and gentlemen, John Moles. Will you welcome him please.

MR. MOLES:

Thank you, Mr. President. May I just say how pleased I am to be invited to speak to The Empire Club of Canada. When I looked over your last year's guests, and those who have come before me this year, and those who will follow—I am most honoured.

The Empire Club of Canada, and the Royal Agricultural Winter Fair have many things in common: a responsibility of tradition of service to all Canadians, and a forum to spread knowledge—your Club through its distinguished and knowledgeable speakers on many subjects, and the Royal by bringing together from across Canada, the United States, Great Britain, Australia, New Zealand and, in some years Rhodesia—agricultural products, livestock and grain to be judged, and by exchanging ideas and information on new agricultural breeds and varieties that will play an important role in world food supplies.

When I suggested my subject to your President several weeks ago, it seemed appropriate, and as I speak to you today it has taken on a far greater importance, because within the past week or ten days, many of the significant world crop reports have become available and, for the third year in succession, grain and protein crop production has fallen—1972, 1973, 1974.

Should this continue, we are faced with two questions. First—can we, will we be able to feed ourselves? Second—will we be able to feed others?

The Food Situation Today

The present world food situation is critical. Many regard it as temporary and blame adverse weather patterns. Drought did strike in varying degrees in thirty-five countries in 1972, 1973, and 1974. After the record-breaking grain crop of 1971 (1,106 million tons), a seemingly small drop of 4% (44 million tons) was enough to cause violent responses in prices, shipments, purchases, and human suffering. The 4% grain reduction in 1972 was the first decline in total food production since World War II, and even so, was the second largest production ever recorded. Adverse weather has always existed, but no planned international grain storage system to even out year-to-year variations has ever been undertaken. Seemingly minor fluctuations in food production continue to cause violent responses.

Much of the decrease in food production occurred in the advanced areas of the world. Winterkill in the USSR in 1972 meant that much of the area was re-seeded to spring wheat, which, in turn, suffered from drought. To meet domestic food and feed needs, the USSR made the largest single cereal grain purchase in history from the world market. A poor wheat crop in Australia compounded the shortage. Wheat prices soared to three times their former $1.70 per bushel value. World wheat reserves were reduced to less than 10% of recent annual world production.

In 1974, the situation worsened. Coincidental with reduced world wheat stocks was a virus disease which induced rice shortage in the Far East. Total world grain reserves reached the lowest level since 1953, and left the world without the protection and security it formerly enjoyed. The anchovy catch off the coast of Peru, a valuable protein source, was reduced 90% by a shift in ocean currents and overfishing. Growing livestock numbers, and an alarmingly large pet population in affluent societies exerted strong demands for limited protein and other feed supplies. Feed prices soared. Devaluation of the dollar shifted the purchasing power of nations and inflation became world-wide. An energy crisis hit a world highly dependent on fossil fuels, especially mechanized agriculture. Small reductions in food production resulting from adverse weather meant that more food was reserved for domestic needs and less was directed into international trade. In Canada, food prices rose 18.1% in 1973, and an estimated 15% in 1974. A growing awareness of the critical food situation engulfed the world.

In 1974, the "all-out effort" at food production flagged because adverse weather reduced yields in many areas. In Canada, early fall frosts damaged the late-seeded crops, so that prairie wheat production was down 13.3% from 1973, and down 14.2% below the ten-year average. In the United States, 35 million acres of land was released from the soil bank but corn and soybean production was down an estimated 16 and 19% respectively, because of drought, late seeding, and fall frosts. Export availabilities in the five main exporting areas of Argentina, Australia, Canada, the United States, and the European Economic Community could not reach expectations. The effects of the "energy crisis" were expressed in fertilizer shortages and higher prices, increased transportation costs, limited and expensive farm machinery and goods.

The root of the food crisis lies in the fact that the world is expected to add 80 million people in 1974, along with 77 million in 1973, plus 73 million in 1972—an increase of 1.3 billion people since 1953, for a total of 3.9 billion people on earth. Although further capacity to increase food production does exist, the exploding population is steadily reducing the margin of safety. Enormous increases in food production are needed to restore food reserves, yet weather, the most powerful component in crop production is essentially beyond control. Irrigation can overcome drought on a limited acreage and only if fresh water supplies are available. The situation is critical! Rather than a temporary shortfall related to adverse weather conditions, the present food crisis may more accurately be described as an inevitable situation. It may be that a long-term trend has been brought dramatically into focus.

Population increase and the fact that not all countries are equal in agricultural productivity are related to the present crisis, not a slowing down in food production. Food production per year increased an average of 2.8%, just slightly above the 2.6% per year population increase during the 1960s, but 5% per year increase is needed to bring diets up to an adequate level. The overall 2.8% increase masks those countries who have failed to increase food production fast enough to meet the demands of their people. On a per capita basis, food production during the 1960s showed no increase in any of the developing regions, and actually declined in Africa. The arable land available to feed man is limited to about 0.9 and 1.9 acres per person in the Old and New Worlds, respectively. Neither can seafood be used to bridge the food gap because of the unmanageable nature of the oceans. Presently the oceans provide only 1% of the food supply.

Because generalizations about the total world food situation are not meaningful, and because of the contrasts between the industrialized and the have-not nations, separate descriptions are necessary.

The Industrialized Nations

In North America, Europe, Japan and Oceania, there are 1.2 billion people whose diets are adequate to excessive. There is no concern about the next meal; standards of living have reached unprecedented levels; agriculture is efficient; there is a willingness to pay steadily rising prices for imported foods, highly processed foods, or animal products. The continued expansion of animal agriculture indicates that the economics of taste outweigh the economics of need in less fortunate areas. The majority of the people have been released from any responsibility or concern about food production. Until recently, over-production has caused serious economic problems and governments justifiably have encouraged production limitations to reduce the economic burden of surpluses. More than 50% of adult Canadians are overweight; in certain classes of people, this problem has reached an extreme of 65 to 87%. Future historians describing the 1960s and 1970s will marvel at the amount of animal products consumed, and may envy the abundance and variety of food that has been taken for granted.

Mechanization has displaced farm labour but has increased agricultural output and efficiency to a point where, of all nations, North Americans spend the lowest percentage of their income on food. Food production is well ahead of population growth because rainfall is more reliable and better distributed than in areas dependent on the cyclical monsoon rains. But because the fine line between producing too much and just enough has been violated, agriculture is not held in esteem by consumers. Farm incomes are depressed relative to other segments of society. The high cost of establishing a viable farm unit with extensive mechanization, high land values, labour problems, risk, and low financial return has discouraged farming. Parents encourage children to enter more prestigious professions with shorter work hours, higher pay, and with less physical demands. Farmers fortunately recognize farming as a way of life, and this alone has held them to the soil. A select 6% of the population produce the food and have sought the most efficient methods to remain viable. They are proud to be farmers; their satisfaction lies in meeting the challenges of farming and in producing food for others.

The Have-not Nations

The food situation of the industrialized areas stands in sharp contrast to that of the have-not nations. Popular literature suggests that one-third to two-thirds of the world's people "go to bed hungry", a statement that cannot be verified. Based on recommended caloric intake, as many as 2.4 billion (2/3) are underfed at various times of the year. Few may die of direct starvation but food shortages or imbalanced diets predispose many to fall victim to a variety of diseases. People in the have-not nations consume 50% less calories than in the industrialized nations.

Protein malnutrition is serious in developing areas. Protein-calorie imbalance is reportedly found in 1.9 billion people (one-half the world's population) and 300 to 500 million, possibly 800 million, suffer from extreme protein malnutrition. Protein deficiency is common in children (43% of children five years of age or less) resulting not only in a high mortality rate but irreversible mental retardation and restricted body development in survivors. When such children reach adulthood, will they be capable of assisting in food production and the economic development of their country?

Of a hundred developing countries, seventy-three became independent after 1945. These people have chosen first independence and freedom. They have not demanded the right to be fed. Until the people of a nation demand of their government an explanation for their inadequate food producing capacity, and until they demand the right to be fed, little agricultural progress may occur. First indications of this action may be witnessed in the September 1974 downfall of the Ethiopian Government. An explanation of why hundreds of thousands of people were allowed to die in the 1973 drought was demanded.

Food in History

Although far fewer numbers of people than at present have lived at any single time throughout history, man has never had enough food. In six thousand years of recorded history, never has enough food been produced in any one year to meet all of man's needs. Famines were more frequent in former times than today, so that there has always been doubt about the ability of the planet to produce enough food.

Before recorded history, a vague record exists of how man spent every waking moment of his life in search of food. Undoubtedly the fortunes of hunting varied, and unless "in season" food plants could be found, he frequently went hungry.

The development of agriculture ten thousand years ago was a giant forward step in food production and it released people from the concerns of obtaining their daily food to perform other functions. More food allowed populations to surge, thereby placing greater and greater demands on food production.

From the beginnings of agriculture until the advances made by science in the 19th century, food production was relegated to the lowest order of society. But without science, it mattered little if food production rested with slaves, serfs, bondmen, service-tenants, stewards, copy-holders, husbandmen, landowners, farmers, or county-squires—the result was the same—inadequate production. Yet agriculture was viewed as a source of unending wealth and man was forced by need, greed, or taxation, to extract all that was possible from the land. Agriculture became nothing more than an assault on the soil. Once productive areas have been scarred by the mismanagement of former civilizations.

Famine again characterizes the world in the centuries following Roman agriculture until the development and application of science in the 19th century. Between 10 and 846 A.D., two hundred and one famines were recorded in the British Isles, a famine once every four years. In a single country of Europe, four hundred and fifty famines were recorded between 1000 A.D. and 1946, or 53% of the time. A study at Nanking University in China reported that from 108 B.C. to 1911, there were 1,828 famines in China in a total of 2,019 years.

Historical references to famines are frequently remarks "in passing", rather than conclusions drawn from presented data or descriptions, or often they are nothing more than a footnote in history. Perhaps no author has found the words to describe a famine. Perhaps famines were so common they were not deemed newsworthy, or writers were too proud to admit that their people were hungry.

Extreme food scarcity, hunger and starvation for thousands characterized a famine in former times. No food was available at any price; no help could be sought; no alternative food sources existed. Death, misery, or emigration resulted. Some statistical idea of the size and effects of famine may be revealed by the potato famine in Ireland in 1846. Prior to the failure of their staple food crop, the population numbered eight million. When the potato blight struck, two million starved to death, two million emigrated, and four million were left in misery.

Since 1846, the situation in Europe has been less critical because sixty million people went to the Americas, Australia, and New Zealand and, in time, exported food back to Europe. But until immigrants mastered the forest, prairie droughts, plagues of pests, plant diseases, cold and other adversities, food shortages in the new lands were not uncommon.

It is to the credit of agriculture that in less than ten thousand years, primitive man, who lived on the brink of extinction for 100,000 years, was propelled to a civilization capable of space travel and nuclear physics.

Indeed, it was due to agriculture that the ancients had to work out a survey system to re-establish the boundaries of farm fields obliterated by the flooding rivers and to build the extensive irrigation channels required for food production. Mathematics evolved to solve these agricultural problems.

Credit must be given to farmers who produce food under the stresses of natural calamities and the uncertainties of biological organisms. Increasing stress is being exerted by people who not only want food, but land for housing, highways, recreation, wild-life sanctuaries, forestry, and other uses. Yet in the United States, it is calculated that because yields have risen since 1940, and although a much larger population now exists, for each acre of land cropped in the seventies, one acre has been released for optional use. Agriculture has provided "more living space" by freeing land for other purposes.

Before I return to answer my two questions, I would like to give you a simple eight-word definition which will most certainly be a key to the answer.

In the old days, the king called in his three wise men to tell them he'd become interested in economics. "But," he said, "it sounds confusing and complicated. I want you to go out and boil it down for me in a way that I can understand."

Nine months later, they came back and reported they had completed the job. They said they had condensed all of economics into a single book of two hundred pages. The king said, "That's too long. I don't have time to read that much."

He had the chairman beheaded, and told the other two: "Now, I want it boiled down."

They came back in thirty days and said they had economics boiled down into a single chapter of twenty pages. The king said, "That's too long, I don't have time for it."

He had the chairman beheaded, and turned to the remaining wise man: "You know your job. Now, boil it down."

"Yes sir, Mr. King."

This wise man came back in three days. "Mr. King, I think I have it. I have boiled down the entire subject of economics into a single sentence of eight words."

The king said, "That's fine. I have time for that. What is it?"

"There's no such thing as a free lunch."

I tell that story because I think those eight words sum it up pretty well. Economics is a description of what you and I, and others like us, do in order to get our share of the things that are in the real world around us.

Unfortunately, there are a lot of people around—you know them and I know them—who think that there *is* such a thing as a free lunch.

Are we prepared to pay the price in dollars, personal input, change of diet, change in attitudes, our every-day priorities, our freedom? If we are, then the answer to my questions must be "Yes".

First, can we feed ourselves? Canada produces enough food for sixty million people.

However, when we look at this production, a very large per cent is cereal grain. We are not self-sufficient in many other agricultural products. We are, in many years, importers of livestock products. A large part of our vegetable consumption comes from the United States. Cheese is imported. Our coffee, tea, and sugar too. As world demand increases prices on these commodities, will we continue to pay the price, or will we change our eating habits to use the products that Canadian farmers can produce in surplus?

One major factor will be the economic returns to farmers. Over the last thirty years, government, business, and consumers have, in many instances, ignored the primary producer or just taken it for granted that our food would be produced—the kind we wanted—in quantities demanded and at a price far below economic production costs. Over this thirty years, a silent revolution has taken place—farmer after farmer has given up. Age has removed many, many have gone broke, few young people were prepared to face a difficult and demanding profession, and still more were unable to go into farming because of escalating costs of land, equipment, seed, livestock, and interest on borrowed capital. As a result, we now have less than 6% of our population engaged in primary agriculture.

No longer can, or will, Canadian farmers continue to produce at a loss. As businessmen, their cost accounting practices are as sharp as any other segment of business. While a few may have no other choice than to produce at any price, they will not produce a significant percentage of our total requirements.

Prices to all segments of farm production must not only meet farm production costs, but return a reasonable profit when the product leaves the farm gate.

Canadian farm products can, and will, be increased, but not if the production over consumer needs sets the price. We have tried that, with absolutely disastrous economic results. If we consume three million hogs a year, then any extra production over consumption must not set the price. The same can be said for beef, eggs, chicken, turkeys, grain, fruit, vegetables. If it does, then what will be the consequences? Farmers will change their production patterns. In grain, providing say barley seed is available, the farmer can change from wheat—probably a one-year cycle. If he decides to go into livestock, then large capital outlay is required and, depending on his operation, a one-to-three-to-five year cycle.

We've seen it happen in dairy production, in beef-cow-calf farming, in hog breeding and feeding lots. There is every evidence, if you read the livestock market reports, that our beef cycle will be drastically affected this year—the percentage of cows and heifers going to market has increased, resulting in a depletion of our cow herds, caused by unsettled markets, lack of confidence on the part of the breeders, high feed costs, high money interest. If this trend continues this fall, beef costs to the consumer will not only continue to be relatively high in 1974–1975, but this will be reflected for at least three years.

As for food costs being high—don't look at the farmer, maybe not even at the processor or retailer. When you get up in the morning and face the mirror, you are looking at the cause. It is our demand, our insistence on prepared foods, our dependence on convenience foods. Ask yourselves, do we need all this convenience? If your answer is "yes", then we're going to have to pay.

"There's no such thing as a free lunch!"

There are other ways to reduce consumer costs. We could change our attitudes towards recycling. I read with dismay that the Ontario Government was spending 17 million dollars for recycling plants. Can we afford this when much of our livestock can—and maybe should—be used. But it will take a major change in attitude. China, with 900 million people, has few, if any, waste problems. In China, they use their hogs to recycle wet waste.

There are many other changes that, if accepted and implemented, would not only reduce food prices, but ensure that there will be enough food to feed Canadians, and also let us provide, at a cost, food for others.

Yes, we can feed ourselves if we are prepared to pay the price. "There is no such thing as a free lunch."

Can we, the developed nations, feed the rest of the world? I don't know. What are we prepared to pay? If we don't, will we pay more through loss of freedom and our place in the world?

In the under-developed areas of the world, where an average income is $100 to $400 per year, how many pounds of grain can the people buy at this year's price of 4½¢ per pound, of protein-rich soya beans at 10¢ per pound? They are unable, if they could afford it, to use meat as protein for many reasons: lack of knowledge, lack of transportation and refrigeration, and in some cases, religious beliefs. Our main hope for success may be in education, in teaching them to produce their own requirements. There's an old Chinese proverb, "Give a man a fish and you feed him for today. Teach him to fish and you feed him for life." Are we prepared to spend the money, but more important, the *time* to teach the developing countries? If so, maybe our answer could be a qualified "yes", we can feed the developing countries.

Regardless of all the foregoing, there is one major concern to all engaged in agriculture, and that is *water*.

Our energy situation is important, very important, but of far greater importance to everyone alive in the world today and for the generations that will follow (with world population by the year 2000 at eight billion, twice today's population) will be water.

Food production is tied directly to fresh water. Our large neighbour to the south is now running out. Estimated costs of irrigation in the mid-west and west of the United States is between 600 and 700 million dollars per year. Depths of wells have gone from 400 or 500 feet to over 1800 feet. The estimate of costs, if they find water by 1985, will be two billion dollars.

Oil is important, but the answer to feeding ourselves and others will, in the final analysis, depend on water—*fresh water.*

It won't be cheap. It will take government action. It will mean controls and direct loss of our freedom to use not only surface water but ground water as we like. Are we prepared to pay the price?

Ladies and gentlemen, if we care about feeding Canada and the world we live in, and our children, our grandchildren and all that follow, let us remember . . . "There's no such thing as a free lunch!"

Mr. Moles was thanked on behalf of The Empire Club of Canada by Mr. J. A. William Whiteacre, a Director of the Club.

NOVEMBER 14, 1974

The High Cost of Leisure

AN ADDRESS BY Arnold Edinborough,
PRESIDENT, COUNCIL FOR BUSINESS AND THE ARTS IN CANADA

CHAIRMAN The President,
Sir Arthur Chetwynd

SIR ARTHUR CHETWYND:

Distinguished guests, ladies and gentlemen: Mr. Arnold Edinborough, our guest speaker today, last appeared before The Empire Club of Canada on March 17th, 1960—St. Patrick's Day. At that time the topic of his speech was "Sex and Violence on the Bookstalls".

Today, on a return visit, I am not sure whether by coincidence or as a planned sequel, his subject is "The High Cost of Leisure"!

Arnold Edinborough may well be our best known immigrant. He was educated at Cambridge and, coming to Canada in 1947, took his first job as a teacher at Queen's University and at RMC.

In 1958 he became editor of *Saturday Night*, and I might add that through his very active role in the Anglican Church, he also had something to do with Sunday morning. Later he became owner of *Saturday Night*. Although always too humble to lay the same proprietary claim to Sunday morning, he has nevertheless been a faithful worker in the vineyard!

Since he last spoke to the members of the Empire Club in 1960 our guest has added a whole galaxy of honours and achievements to his name, through his writings, his oratory and his service in both the cultural and religious milieux.

On August 1st, 1974 he became President of the Council for Business and the Arts in Canada.

This fall he is serving as host of a six-part CTV television series entitled "Heritage", designed to create understanding of the nationalities and cultures that have played such a vital part in the making of the Canadian character. A new book with a most intriguing title, *Some Camel, Some Needle*, has just been released.

A man named Disraeli said: "Increased means and increased leisure are the two civilizers of man." Another man named George Bernard Shaw said: "A learned man is an idler who kills time by study."

Our guest always seemed to me to be one of the most civilized and learned men I have ever met. I am sure that he would agree with Disraeli's dictum, and in his own life it is obvious he has followed Shaw's admonition, for in his seemingly relaxed way he must certainly have "killed" any time he has had by study and the peripatetic pursuit of knowledge.

I am sure that he has more knowledge of his subject than any other Canadian, as he speaks to us on "The High Cost of Leisure". Ladies and gentlemen, it is a great pleasure to present Mr. Arnold Edinborough.

MR. EDINBOROUGH:

Mr. Chairman, ladies and gentlemen: Thank you very much for a very warm introduction to this group.

I'd like to begin with a little story about an actor. Like some other actors, some quite famous, he couldn't remember his lines, and as he got older he got less capable of remembering any line he'd ever learned. His agent was beginning to despair, until one day he was offered a part in a new play to be produced on Broadway.

At the very beginning of this play, which was about the

American Revolution, while an enormous roar was created backstage, he was to rush on and say, "Hark! I hear the cannons roar!" Then he was shot dead by an American rebel.

His agent said, "This is a perfect part for you. It's full Equity salary, and you're dead after the first line."

So he got there and he rehearsed his line as many ways as he could.

"*Hark*! I hear the cannons roar!"

"Hark! I *hear* the cannons roar."

"Hark, I hear the cannons *roar*!"

He went over it and over it.

On the opening night, the curtain went up and this terrific bang was heard. He ran out to the front of the stage, and he said, "What the *hell* was that?"

I want to suggest to you, ladies and gentlemen, that although you may not have heard them the cannons have been roaring in Canada because there has been a cultural explosion in this country going on ever since the Centennial. In fact, the Centennial triggered the cultural explosion in Canada, and it triggered it in several ways. First, there was a lot of money set aside to help us celebrate the Centennial and for the first time artists, writers, musicians, and performers had enough money to do some of the things they had always wanted to do.

Second, the Centennial gave us a sense of national identity which though not terribly strong—we are not that kind of a people—was stronger than ever before.

Third, the process was expanded by the extraordinarily enlightened LIP grants which, instead of concentrating on the normal kind of "winter works", gave employment, again, to actors, performers, community animators and others who had formerly not been sponsored in any direct way by government.

Fourth, there have been a series of Centennials other than the Centennial of Canada itself—Prince Edward Island has had three in the past nine years, Manitoba has had one and various other cities and provinces have been commemorating notable milestones in their history.

What has happened as a result within the last ten years?

There have been new theatres built here in Toronto, in Winnipeg, in Montreal, in Charlottetown, in Niagara-on-the-Lake, in Hamilton and the biggest of them all, The National Arts Centre in Ottawa.

In Calgary, Edmonton and Hamilton, there are professional symphony orchestras where there was no professional symphony orchestra before. Across the country, the Playhouse Theatre in Vancouver, the Bastion Theatre in Victoria, the Citadel in Edmonton, Theatre Calgary, Neptune Theatre in Halifax and Toronto Arts Productions have all come into being within the decade.

The visual arts too have been booming. Just this past week Kay Krytzwiser in the *Globe and Mail* listed four new private galleries opening, in addition to the thirty others which have been opened since the centennial year in this city alone. And of course the Art Gallery of Ontario is now one of the great art centres in the continent. The Montreal Museum of Fine Arts is closed for almost as dramatic a refurbishing. And, though it is by no means certain, it looks possible that the National Gallery will finally be built just south of the National Arts Centre. It will then be able to take its collections out of the Elgin Building which was always destined to be—and still looks like—an office building for the lesser grades of civil servants.

Now, none of these things could happen unless there had been a demand for them. What is that demand? Let me just give you one figure—the *Archeological Finds of the People's Republic of China,* otherwise known as the Chinese Exhibition, which opened in mid-August at the Royal Ontario Museum, will close at the end of this week. During that time 400,000 people will have paid an average of $3.40 to look at it.

Consider another figure. The Stratford Festival, when it opened in 1953, ran for six weeks and played to 68,087 people. In 1973, it played for twenty-three weeks to 406,561.

At the National Arts Centre, the subscription series for both English and French theatre were virtually sold out before they opened the season. So was the Citadel Theatre in Edmonton. The Toronto Symphony has gone from fifty-five concerts in the last ten years to ninety-seven regular concerts. Even the Toronto Arts Productions, often a much maligned part of the cultural scene in Toronto, had 7,700 subscribers this year before the season opened.

What has been the result on the finances of the organizations which provide these performers and offer these cultural services to the community? The expenditures have gone in five years from less than twelve million to over twenty-five million dollars in the twenty-nine major organizations that receive support from the Canada Council. The best figures available from a study commissioned by the Canada Council show that by the 1976/77 season they will have reached 48.5 million, and for 1981/82 the projected figure is 95.5 million.

That is just for performing arts. If we take visual and performing arts, that is art galleries, museums, exhibitions and so on, the operating needs of the arts are expected to quadruple over the next five years and to reach an expenditure of 175 million dollars by the early 1980s.

One hundred million for the performing arts, 75 million for the visual arts, just for operating expenses, seems an immense amount of money, but of course, some 50% of that, at least, comes back out of revenue (the ROM will make a handsome profit on the Chinese Exhibition). Of the rest—that is the gap between income and expenditures—almost a half is now covered and presumably will continue to be covered from the Canada Council and other federal agencies under the general auspices of either the Secretary of State, or for touring abroad, the Department of External Affairs. About 30% is projected as coming from provincial governments and their arts councils (which is about the relationship now in this province). A much lesser percentage would come from the municipal sector and in this latter regard, I welcome the initiative taken by the Metro Council which a week ago approved in principal a quadrupling of their present grants over the next five years.

That still leaves, by the 1980s anyway, some twenty-five million to be raised from other sources.

Those sources are private individuals who leave bequests or make gifts through several tax-free channels; foundations, like the Atkinson Foundation, the Ivey Foundation in London, and others, and most particularly, business.

The corporate sector has always been aware of its responsibilities to society. Corporations have been generous donors to hospitals and to universities since the war. They have also, sometimes at the prodding of their unions, been involved in other expenditures for the general welfare of their workers and of the society which those workers constitute.

Now much of the bill for education and health and welfare in the best sense of the word is paid by the three levels of government. It seems therefore an appropriate time for the corporate sector and business generally to become involved in the cultural activities of this country.

After a year's preparation by a Steering Committee sponsored by the Canada Council and chaired by Mr. Edmund Bovey, a meeting was held in Ottawa on June 6th to discuss the involvement of business with the visual and performing arts. Invitations were sent to the Chief Executive Officers of the top one hundred companies in Canada and it is indicative of their interest that nearly half came and most of the others apologized profusely for not being able to come owing to previous commitments. Even then, some of them sent representatives and asked to be kept informed. Out of that meeting was evolved The Council for Business and the Arts in Canada, of which as your invitation to this meeting stated, I have the honour to be President.

The purpose of the CBAC is clearly stated in the Letters

Patent which were granted on September 9th. Section III of these Letters Patent say the objects of the Corporation are:

(a) to advance the arts in Canada;
(b) to encourage and stimulate business support of the arts;
(c) to undertake or encourage research pertaining to the arts for the information and use of the business community and others;
(d) to encourage and stimulate contact and communication between the business and arts sectors of the community.

Let me deal with each of these objectives in turn.

Why should business seek to advance the arts in Canada and put shareholders' money into the visual and performing arts? Let me put it this way.

Business must rely, especially in the marketing area, on a pool of creativity from which ideas alone can flow. That pool of creativity includes many of the people—in fact most of the people—in the visual and performing arts. To foster the growth of that creativity is, by transference, to foster the growth of economic progress in this country.

Again, we are a trading nation and we have to trade with countries abroad. Our reputation abroad is greatly enhanced by the tours of those major organizations which are now becoming quite frequent. It is quite clear to me, that any businessman who went to Australia after the highly successful visit of the Stratford Festival of Canada would find his way made a little easier by the repercussions in the press of that visit. That would also hold true for people doing business in Germany after the visit of the Toronto Symphony, and in various cities of the United States after the National Ballet had played to packed houses with Rudolph Nureyev as a guest star.

Philosophically, therefore, it is in business' interest to advance the arts in Canada but, it is also economically to their benefit for corporations to become so involved.

The second objective is to encourage and stimulate business support. How do we intend to do that?

At the first meeting of the Board of Directors just last Wednesday, it was agreed that we should ask corporations both large and relatively small (although still with several million dollar budgets) to become members of the Council at a modest entry fee. This would be a fee for services rendered and would not be part of the present charitable donations budget. We don't want the operation of The Council for Business and the Arts in Canada to take money out of the pot presently set aside for the encouragement and stimulation of the arts.

To every member corporation, the Council will offer advice about how to realign corporate donations so that they reflect the increasing interest of society at large—which includes both their employees and their customers—in the performing and visual arts: advice as to the relative importance to the community in terms of mere numbers of each branch of the arts, or advice in terms of the involvement of a particular group in a particular community where the corporation may have its major manufacturing facility; advice about a whole area which is new to many donations committees.

But, such advice can only be based on research and it is the intention of The Council for Business and the Arts in Canada to undertake original research in such areas as taxation and the implications for tax which switching from straight donations to sponsorship and promotion may entail. We also intend to find out just how much money comes back to corporations in increased business from supporting the arts. I believe that such support is an investment not a donation, and it is interesting that just this week a report was issued by the Canada Council which looked at the economic impact of three major performing companies: the Royal Winnipeg Ballet, the Toronto Symphony and the

Théâtre du Nouveau Monde (Montreal). Based on 1971–72 figures for the Toronto Symphony, and 1972–73 figures for the other two companies, the report states that the three companies together received grants totalling $1,692,750 from the three levels of government, and generated 127 per cent of this amount, or $2,152,000, in government revenues. These were in the form of direct and indirect taxes and costs of government services. This last figure is said to be conservative, and does not take into account various other government revenues attributable to the three companies' operations.

Other findings of the report include the following:

— The three companies together provided employment to 262 artists and other employees, whose combined income (after taxes) amounted to more than $2,800,000.

— The Canada Council's contribution to the maintenance of these jobs averaged $4,125 per job.

— In one year, the three companies, their dependent organizations and the public attending their performances purchased goods, materials and services worth approximately $2,900,000.

The Council for Business and the Arts in Canada believes that such a return can also be proven for the corporate sector too.

As for the fourth objective—to encourage and stimulate contact and communication between the business and arts sectors of the community, I would just make two observations.

First, an arts organization can profit from seeing how business dollars are spent.

Second, many a corporation can learn from the dedication which most members of arts organizations show. I doubt that any employee of a corporation would even work for the kind of salaries we pay our ballet dancers, and yet those dancers work perhaps sixteen hours a day and are totally dedicated. In other words, business can show the arts how to be businesslike and the arts can show business how to be much more self-fulfilling than corporate employment now seems to be.

I would not like to leave the impression that the Council for Business and the Arts in Canada is going into the corporate sector as it were fresh and unannounced. The fact is that some corporations have already shown great interest in sponsoring the arts. Some corporations are already heavily involved. Imperial Oil has just made a no-strings grant of $100,000 to get a new kind of *Saturday Night* magazine off the ground because Imperial Oil believes that such a vehicle should exist for the expression of Canadian writers both in prose and verse. Imperial Oil is also about to pick up the whole tab for the new ballet *Whispers of Darkness* by Norbert Vesak, a Vancouver choreographer, again on the basis that the risk for a new venture is equalled by the need for nurturing creativity.

IBM has just picked up the bill for the entire set of the touring company of the Canadian Opera Company. Rothmans of Pall Mall have sponsored a dozen major exhibitions of the visual arts in the past seven years, exhibitions of such quality as Rodin and his contemporaries, a group of Michelangelo maquettes, and a superb retrospective of Karl Appel. The Toronto Dominion Bank has put together a private collection of Eskimo art which is second to none and which it has sent out, both in small selections to its branches and as a major collection to Western Canada. The Xerox Corporation has just underwritten the cost of two excellent volumes dealing with the prints and drawings in the Canadian collection of the ROM, and MacMillan Bloedel are involved in a similar underwriting of another costly art book.

But to pick out individual examples is unfair. In total, the corporate sector supported the arts to the tune of some five million dollars last year, either in sponsoring concerts as you may have seen in your Toronto Symphony programme, in the programme of the Hamilton Philharmonic or the Guelph Festival to mention just three organizations, or by giving a general donation with no strings attached and little publicity if any resulting.

No. The Council for Business and the Arts already has a solid bridgehead from which to work. But we feel that it must be consolidated and widened because of the increasing demands being made by the public for cultural activities of all kinds—demands which, if they are not met jointly by the voluntary as well as the public sector, will probably become politically so strong that they will be met entirely by public funds.

I would not like to see that happen. Creativity is an individual, not a political thing. Arts organizations must serve their public, and be responsive to that public and being responsive to the public is not a notable feature of government bureaucracies.

The high cost of leisure is merely an index of the high standards we have now set ourselves in this country for our cultural pursuits—pursuits which together make this contry what it is. And that is a very changed country from twenty, even ten years ago.

We have more painters, more writers, more performers, more musicians, more involvement than ever before in Canada's history. That is why this country is one of the best countries in the world to live in, and why, in my view Toronto is the most exciting city.

To keep that excitement, to increase that involvement and so build an even better Canada is an adventure to which we are all committed and in which we feel the CBAC can play a significant part.

Mr. Edinborough was thanked on behalf of The Empire Club of Canada by Mr. John Fisher, 1st Vice-President.

NOVEMBER 21, 1974

Facing Up to 1975

AN ADDRESS BY Robert W. Bonner, Q.C.,
FORMER CHAIRMAN OF THE BOARD,
MACMILLAN BLOEDEL LIMITED

CHAIRMAN The President,
Sir Arthur Chetwynd

SIR ARTHUR CHETWYND:

Distinguished head table guests, ladies and gentlemen: It is said that a good story, like a good book or a good painting—or even a good motion picture!—always remains a good story and retains its value down through the years. Our special guest today falls into that category. A good and able person of talent and imagination, like good wine, he improves with age. He returns to us after a short span of four years. His speech in December, 1970 was entitled "Capital has no Nationality". Since then, much of the water of life has passed under the bridge, metaphorically speaking.

We welcome again today, Robert William Bonner, a partner in the law firm of Bonner and Fouks, Vancouver. He is one of that distant breed of Canadians which is born, and nurtures itself, in that exciting and even glorious—perhaps awe-inspiring—empire "on the other side of the Rocky Mountains" sometimes referred to as the land of the "Ogopogo", "Lotus Land", or the land of the "Susquatch"—that weird creature that is supposed to leave oversized footprints in the snows of British Columbia's beautiful mountain scenery. Perhaps the "Susquatch" is a myth—but our speaker today is no myth—and the footprints he has already left in a busy career are very real and have made a considerable contribution to Canada and to his province.

Consider the following:

— Born in 1920 in Vancouver.
— Graduated University of British Columbia, 1942.
— Served 1942 to 1945 with the Seaforth Highlanders in Canada, U.K., North Africa, Sicily and Italy. Wounded in action in Italy. Created a Major at age twenty-four.
— From 1946 to 1953 was Commanding Officer of the U.B.C. Officers' Training Corps, with the rank of Lieutenant-Colonel, at which time he was awarded the C.D. During this time he took his Bachelor of Law degree and entered the practice of law in Vancouver.

On his first try, putting himself at the mercy of the voter in 1952, he was elected to the British Columbia Legislature in the first Social Credit government of that province under Premier Bennett, becoming an Attorney General at the ripe old age of thirty-two—the youngest to have been so recognized in his first try at political life.

That same year, 1952, my late and revered father entered politics for the first time in *his* life at age 62! He was the oldest to be elected to the government party that year. My father served as a member of the first cabinet of that same government in those halcyon days and I remember him speaking of Bob Bonner with warmth and respect. Mr. Bonner held this post for sixteen years, at various times also serving as Minister of Education, Minister of Industrial Development, Trade and Commerce (seven years), and Minister of Commercial Transport (four years).

— He was six times elected to the Legislature at Victoria.
— In 1968 he retired from the government of British Columbia to join MacMillan Bloedel Limited in which he held a number of senior positions, including those of President and Chief Executive Officer and Chairman of the Board, retiring from that company on April 19, 1974.
—He has now resumed his law practice in the Vancouver

firm of Bonner and Fouks. He serves on the boards of Canadian Cablesystems Ltd., International Nickel, IBM and Private Investment Company for Asia (PICA).

He is that well-rounded and somewhat rare Canadian who has had considerable experience in both the private and public sectors. He has been both a businessman and a servant of the public in his various elective offices.

I gather from our guest's recent utterances that he feels the voice of government is heard in the land—constantly—but that the voice of the businessman is not heard often enough. Bob Bonner, in his new capacity as private citizen, has called for more participation by businessmen in public affairs. He has been an outstanding example of doing just that. He believes that a corporate leader's constituency goes beyond the board room and includes the general public as well. He has always had an interest in where his country is going, and in an important way has helped to shape the direction. He has been a hard-worker and a realist, which qualifies him eminently to speak to us on "Facing Up to 1975".

With very great pleasure, I introduce to you Robert William Bonner, Q.C., of Vancouver—of British Columbia—and of Canada.

MR. BONNER:

Mr. Chairman, ladies and gentlemen: After that fulsome introduction, I can only thank our Chairman most heartily for what he said, and express my appreciation for what he was discreet enough to omit.

You were very kind to refer to my province in a variety of ways. Having regard to recent developments in that province, perhaps I should commence by bringing you greetings from the People's Republic. I take it we are comrades all.

The morning paper says that Canada's oil self-sufficiency will end by 1982, and then lower down there's an article which states that the Ice Age is due soon and suddenly, and that by now Toronto, Leningrad and Glasgow should be under ice. So I'm glad I'm here while it's still possible!

But it was not on account of headlines of that sort that I speak to you today in terms of facing up to 1975. Without overdrawing the topic, I would like to begin by saying that there is now every reason to believe that 1975 will be a significant and dramatic year in our contemporary history.

It was three years ago that the United States in the course of a Presidential address announced that it was no longer willing or able to offer the world an unalterably stable reserve currency, or for that matter continue indefinitely to underwrite militarily every political frontier in the world. Even American foreign aid as a continuing institution was and has recently been placed in some question.

The significance of those remarks was the American recognition that the world was no longer the preserve of two major world powers, but rather that the future was to be shared economically, if not militarily, by hegemonies which had come into being in the shadow of the post-war *Pax Americana*, namely the hegemonies of the Soviet Union, the European Common Market, Japan, China and the United States of America itself.

In history the picture seldom changes abruptly. But that particular speech announced in a way the end of an era which began in 1945, and the commencement of a new world order which even now has a debatable shape and purpose.

Since August 1971, the world has had floating currencies, fluctuating regional political stability, both in the Far and Middle East, but surprisingly an apparently continuing east-west détente despite lack of agreement on strategic armament limitation.

We have had in this interval as well a period of considerable material prosperity joined with a period of not inconsiderable inflation.

The result has not been altogether agreeable. Today, the western world at least is contemplating recession while others among the developing nations are contemplating hunger and starvation. Famine has returned to the world.

It is psychologically a particularly difficult time for those whose adult lives have been spent working in a period premised upon uninterrupted physical expansion and evidently growing prosperity. A number of changes have occurred to bring at least temporarily to a halt or slowdown mankind's predictable upward progress. The presumption of an ever-expanding annual gross national product, based on exponential increases in the consumption of raw materials and energy, upon which all western thought has been based, certainly since World War II and generally throughout this century, has suddenly come into question.

The considerations which have combined to give pause to our national and conventional thinking about material progress may be grouped under four heads.

1. The first is ecological.
2. The second is economic.
3. The third is political.
4. The fourth is sociological.

It is difficult in a few minutes to say something new about ecology.

The despoilage of nature and natural beauty in the name of progress have become an accepted abhorrence. For example, traditional pursuits of forestry and mining have become, at least in North America, activities increasingly hedged and bound by esthetic and conservationist regulatory considerations. In forestry, even managed annual tree cropping on a sustained yield basis is further complicated by the legislated need for roadside belts of green. River banks likewise demand protection. And fish in streams must be protected from logging debris. It is all very commendable and very costly.

Mining is no longer to be conducted simply where minerals are to be found. Parks, lakes and rivers may occur in ways which prohibit a mine's beginning. Nor does anyone have a good word for strip or open pit mining as an economical technique. Esthetics and economics become swiftly opposed to one another. Once again the result is costly to the general consuming upblic, however, commendable on other grounds.

Nor is industry, as traditionally pursued, exempt. As the press has recorded during the last few weeks, recently discovered chemical industrial waste in otherwise biologically pure drinking water clearly indicates once again that careless industrial discharge, whether into air or water or upon the land, cannot be tolerated for practical reasons of public health.

Former habits or practices of production are being overtaken by unanticipated and unintended results which require correction.

While the land was large and people relatively few, the costs of many unthinking production practices could be ignored as being out of sight and, therefore, out of mind. But no longer. The cost of coping with ecological problems is slowly but surely entering into the cost structure of the things consumed by our society. The cost of living must surely rise accordingly as these problems are brought under control. Until control is achieved there appear to be some limits to growth.

In ecological matters it is plain that a major change is taking place and has already begun to affect our lives.

The next two points, having to do with economics and politics, are so close together in impact that at times they threaten to become one subject. Let us begin at least with these two heads of discussion examined as to one effect: inflation.

We have been waging a domestic economic war in the western world and particularly in North America during the past thirty-five years in what used to be called the free market. The free market was of course the theoretical forum in which the elements of production, land, labour and capital had interplay and combined to produce the goods and services by which we lived.

In the course of this political and economic battle, it is now clear that organized labour has gone from an essentially socialistic viewpoint to an almost entirely capitalistic approach to economics and politics, because the power struggle in the free market has become a struggle over the division of business profits.

If anyone has any doubt about how successfully this struggle over the division of profits has been waged, let him remember that wages have been constantly raised at the expense of profits and dividends, but there is no instance in recent memory of profits and dividends having been raised at the expense of wages.

With about 40% of the Canadian GNP going to three levels of government and that amount growing, the day may not be too far removed when the labour organization and the tax collector meet head on in a struggle for corporate earnings. The shareholder will be simply an interested bystander.

Much of our current inflation has come about because wage costs have repeatedly risen above market levels, which is to say above productivity levels, simply because sophisticated and determined labour organizations have achieved the political muscle to bring about this change.

Government in this circumstance has had little choice but to increase money supply to keep pace with price rises. But it also follows in these circumstances that arbitrary restrictions of money supply will not reduce inflation without causing severe unemployment. And it is now almost predictable, given the position of organized labour in the productive process, that not even severe unemployment, even if it were desirable, which it is not, will curtail wage demands—certainly not in the presence of inflation—unless we succeed in rethinking this entire problem. For the moment that effort of rethinking seems unlikely. We seem condemned to repeat the spiral of costs and prices with no one agreed on how to interrupt this undesirable chain of events. One might well ask if severe recession is the only corrective for modern inflation.

The problem of our self-induced difficulties might have been sufficient to occupy our minds even if our shaky economics had not been further complicated by the politics of the oil-producing export countries.

In a decision now too well remembered, the western economies in particular and the world in general have been forced since late last year to cope with a fourfold increase in the price of Middle East oil.

What this political decision on price means to the everyday cost of living in developed and undeveloped countries alike is being revealed from day to day. As an aside, it is worth noting that in just six months Saudi Arabia's monetary reserves have doubled and that Kingdom, thanks to political oil pricing, has become fourth among the world's wealthiest nations.

West Germany's monetary reserves currently are the largest at $32.5 billion. The United States is second with $15.71 billion. Japan is third with $13.7 billion. Saudi Arabia reserves now exceed those of either Britain, France, Italy or Canada and amount to $11.5 billion dollars.

Favourable balances of trade are everywhere disappearing. Unless redressed by massive loans or major capital movements, currencies in many countries face major revaluations. Italy is the most critical example of this problem, though Britain may not be far behind.

The implication of this change is masked by the use of the word recycling. Recycling is the expression used to describe how the billions of dollars being accumulated by the Arab countries will be spent or reinvested in the oil buying countries. Few have grasped the unprecedented nature of this problem. At present levels of production, consumption, and pricing, the OPEC countries as a group will receive more than $100 billion yearly for their oil exports. Perhaps $40 billion will be spent for goods and services.

That leaves $60 billion as a surplus this year as compared to a $4 billion surplus in 1973. It is estimated that the cumulative OPEC surplus from all accounts this year will exceed $70 billion, $140 billion by 1975, and $200 billion by 1976.

These surpluses are matched by balance of payments deficits suffered by oil consumers. Developed countries are expected to have a deficit increase of $40 billion by year end. Developing countries such as India, Bangladesh and Sri Lanka will show with others a combined deficit increase of $20 billion.This current and predicted disequilibrium has enormous implications for which no easy solutions have been offered or exist.

Because of the sheer volume of the present and expected accumulation, the most likely prospect seems to be that most of these dollars will move west, eventually to North America, and be recycled in the form of capital investment. The recent false rumour of the purchase of IBM is an example of what could in fact happen to western industry on a very wide scale. Arabs might well replace Americans as important equity owners of Canadian industry. This result could come about as a result of direct investment in Canada —subject to our legislation—or simply by direct investment in the U.S. in companies with ownership in Canada. Either prospect is a development to be anticipated in 1975.

No better example of the confusion to which these events give rise can be cited than to read several headlines from pages one and two of a recent edition of *The Toronto Star*.

The headlines read:

"Arabs buy into Canada by the billion"

"Canadian loans to Iran called madness by M.P."

"IBM denies rumour Arab group wants to buy up firm"

"Take over U.S. firms Arabs told"

I will not pursue this line of discussion further except to note in passing that this catalogue of problems which so far has involved ecology, economics and politics, in the interests of time cannot dwell on the twin current and companion crises of food shortage and population growth which, while posing critical and for the moment almost insoluble questions, are not central to the theme on which I will conclude.

I referred earlier to the sociology of this period which concerns the fate of institutions which will guide our society through the current difficulties which I have described. Increasing attention is being paid to the crisis of democracy as an emerging problem central to our time. Some highly provocative and original thinking has been devoted to this topic by Professor Brzezinski, Lehman professor of Government and Director of the Research Institute on International Change at Columbia University. Professor Brzezinski, incidentally, is a Canadian, a McGill graduate, and is currently Director of the Trilateral Commission.

Amid a number of questions being studied, three seem immediate in the face of the discussion up to now.

1. Can democracy exist without social economic growth?
2. Can democracy endure prolonged inflation?
3. Can democracy survive without an effective international system?

The first question, "Can democracy exist without social economic growth?" recalls to mind that democracy has flourished primarily in the west and has emerged in its most vigorous form in nations associated with expansion, migration, discovery and control of enormous natural resources and until recently an apparently limitless call upon energy in all its forms.

Modern democracy has been to some extent a product of the industrial revolution. Its refinement has been a product of a more widely shared leisure. There is not much democracy in a subsistence economy.

Growth of material production particularly during the last thirty years has made it possible for democratic societies to give increasing attention to socially progressive measures having to do with health, pensions and economic security without the need to impose widespread governmental controls on how people lived and without engaging in repressive measures aimed at redistributing national wealth.

In the presence of a rapidly expanding population, slow growth or no growth, whether from ecological, economic or political factors such as we have been examining, have the implication sociologically of encouraging trends toward greater and more pervasive measures of governmental control. An alternative development is one in which social conflict, for example as between labour and management, or labour and government, would become increasingly frequent. Democracy as we now enjoy it may not survive such prospects.

The second question is whether or not democracy can endure prolonged inflation. Modern history recalls the collapse of the German Weimar republic as a result of inflation, which destroyed important social and political structures in that country. If, as many are inclined to say, inflation now rages world-wide and is beyond the control of national governments, a question could soon arise about the ability of democratic institutions to preserve the present elements of our society. That sort of question, once raised, is careless about the long-term desirability of alternatives which might appear to offer even illusory short-term relief.

We have seen, in the experience of others elsewhere in this hemisphere, that enormous national problems affecting standards of living and constant rapid inflation have not caused democracy exactly to flower.

The final question is whether democracy can survive without an effective international system.

I mentioned earlier in my remarks that President Nixon's August, 1971 speech marked to some degree the end of an era in international affairs—the *Pax Americana* with all that expression implies. The new international order, however, is not yet in place and its form even in outline is difficult to suggest, let alone predict.

Confining our attention for the moment to Europe, North America, Japan and the democratic countries of the Commonwealth, it is fair to observe that the fortunes of the democratic countries have become increasingly inter-related. This inter-relationship extends beyond the democracies to involve most countries and regions of the world.

A stable international system must exist to provide a reliable framework within which nations may interact without undue friction. Ecological problems, the economics of growing inflation, and the exacerbation of political groupings devoted to commodity pricing threaten to combine in the immediate future to place unprecedented strain upon the existing international system. We have already examined some of the implications of these forces.

The question of this period put differently is whether we are facing international disintegration in both the monetary and political aspects of our existing international system, and further, whether democracy can survive such events.

There have been sober and even gloomy comments about where the current of present events may lead. Germany's Willy Brandt, the new Premier of France, and in recent days Dennis Healy, the British Chancellor of the Exchequer, have each delivered themselves of opinions about democracy and the economic fate of nations calculated to seize the attention of the most indifferent listener.

Personally, I cannot abandon a lifetime of at times blind optimism about the future. But it is becoming obvious that we are confronting problems of unusual severity and we might as well face up to them in 1975.

Mr. Bonner was thanked on behalf of The Empire Club of Canada by Mr. William M. Karn, a Director of the Club.

NOVEMBER 28, 1974

Can Government Do the Job?

AN ADDRESS BY The Honourable Claude Wagner,
MEMBER OF PARLIAMENT FOR
ST. HYACINTHE, P.Q.

CHAIRMAN The President,
Sir Arthur Chetwynd

SIR ARTHUR CHETWYND:

Distinguished head table guests, ladies and gentlemen: Our guest speaker today is the Honourable Claude Wagner, in his time citizen, lawyer, member of the Quebec Government, provincial Attorney General, Minister of Justice for *la belle province*, jurist, and since October 1972, Member of Parliament in the federal House of Commons. He is a forthright and outspoken individual.

Those who read Hansard, the official record of the Parliament of Canada in action, may have seen that our guest was quoted last week as saying, "in his budget speech, John Turner has done for economic leadership what the Boston Strangler did for door-to-door canvassing."

In his role of legislator and jurist, he has been one of a comparatively small number of Canadians who have had a hand in both the writing and the execution of the law, an experience which one must conclude is wont to provide a balanced view of the subject and the responsibility.

Perhaps he would now agree with Herbert Hoover who said, "If the law is upheld only by government officials, then all law is at an end." I am sure that with the interesting experience of his career to draw on, he could also comment on Thomas Jefferson's statement that "The execution of the laws is more important than the making of them."

Lawyers and governments go together, perhaps because laws and governments must inevitably go together. Laws provide order. Without order there can be no freedom, certainly the most precious commodity of the western world.

Mr. Wagner was born in Shawinigan, Quebec, in 1925 and went to school in Shediac, New Brunswick, Drummondville and Chambly in Quebec. He went on to take his Bachelor of Arts and Bachelor of Philosophy at the University of Ottawa. After completing law at McGill University, he was admitted to the Bar in Quebec in 1949.

In 1961 he became Deputy Chief Crown Attorney for the district of Montreal, and following a period when he served as Vice-President of the Quebec Society of Criminology, and taught criminal law at the University of Montreal, he was sworn in as Judge of the Court of Sessions in Montreal in 1963.

In 1964 Mr. Wagner became Attorney General for the Province of Quebec and on June 4, 1965 he became the first Minister of Justice for that province.

Our guest speaker is obviously a man of conviction, for like another well-known individual by the name of Winston Churchill, he crossed the floor (metaphorically speaking!) and in October 1972 was elected Member of Parliament in the federal riding of Ste. Hyacinthe, under the banner of the Progressive Conservative Party, being re-elected in the most recent election. He is a member of the Opposition's "Shadow" cabinet, and it is well known that he will be urged by many to seek the leadership of the Conservative Party when Mr. Stanfield steps down, as he has said he will do within a prescribed time.

There are many worrisome forces at work around us, both internationally and nationally—a shrinking world, fast-growing population, rapid inflation, a changing international power system, an unstable international monetary situation—to mention just a few. With so much experience and service behind him and with so much challenge inevitably ahead of him, we are fortunate that we have a man of stature to ask himself the question, which is the title of his address today: "Can Government Do the Job?"

Il me fait grande plaisir de souhaiter le bienvenue à ce Canadien distingué, à cette assemblé aujourd'hui, dans la Ville Reine. Ladies and gentlemen, it is my great pleasure to present to you the Member of Parliament for Ste. Hyacinthe, Monsieur Claude Wagner.

MR. WAGNER:

Mr. President and Chairman, members of the Empire Club: It is good, Mr. Chairman, to be here and share the hospitality that the Empire Club has shown with equanimity and sincerity to men of differing political persuasions and spokesmen for many concrete and abstract causes.

It is interesting to reflect for a moment on the messages that other federal politicians chose to share with you when they had an opportunity to stand where I am standing today.

When David Lewis spoke with you in January of 1973, he began his remarks by congratulating the club on its decision to admit women. In November of '72, Réal Caouette indicated that he could guarantee more Social Credit seats outside Quebec if the people of English Canada would stop voting against his party.

Provincial premiers, national political leaders, our Prime Minister, aldermen, mayors and others from government have all come before you to share their views and seek to impart those views to you in an attractive and endearing fashion. And, I think you know, that by and large, they have meant what they said and were sincere in the way they said it.

So, aside from my desire to come here and reassure Toronto that the Maple Leafs really can do the job and that next year could be the year for the Argos, I had just a bit of mild trepidation when your president invited me through our mutual friend, Senator Walker, to share my views with you, and express my concerns both frankly and directly. It occurs to me, you see, that next to the members of the National Press Gallery who listen to politicians daily, and next to the politicians themselves, the Empire Club must be the most experienced politician listeners in the land.

Mr. Chairman, if tolerance were the supreme virtue, this club's place in heaven must surely be assured. For, I guess you have found, as most responsible politicians are beginning to find, that lately, politicians of all parties at all levels have a tendency to say the *same* thing. Indeed, one can conjure up the old varsity initiation right of crowding hundreds of students into the same phone booth, when picturing the headlong rush of politicians to stand on the same ground, board the same train, and sit in the same circle.

Let me be pretty direct in saying that I damn myself as directly as I damn others, and admit that often the pressures of campaigns and elections create situations where politicians find that the voters just won't listen to a new and different beat of the drum! So, they all beat the same drum. It is no wonder, therefore, that in 1974 the drum is becoming worn and the beat more than just a little hollow.

I come here then, Mr. President, as a politician, a man of government, now in opposition, to ask some questions about the drum we are all beating, and to pose directly, by the way, the question of whether or not the time has come to not only change the music, but perhaps change the instrument.

I think that politicians have a duty, whether they are in government at the federal or provincial level, whether they are in opposition or not, to ask a very basic question, which when you think about it, is not all that naïve or abstract.

Simply stated, I ask whether government is doing the job of governing? I ask whether government can meet the needs of today's society which involve, as well, the apprehended needs of tomorrow.

I ask this question, because I believe it to be at the root of international economic difficulty, at the base of localized and regionalized recession, and at the very foundation of social upheaval and decay. Let me be more specific.

The stock market is said, by many, to react as much to governmental initiatives and political circumstances as it reacts to economic realities and shifts. That being the case, can any of us, regardless of our political affiliation or business pursuit, think of one western world government that has, either through its action, its leadership or its sense of purpose or direction, contributed anything significant to a potential upswing in the market? I doubt that any among us could.

Let me pose another specific question. Government is supposed to embody man's hopes and aspirations, and in some way, move to make those aspirations something real and attainable.

Can we list on the fingers of one hand any governments that pursue, in the western world, a philosophical or principled programme that, when viewed in its entirety, embodies something noble, something meaningful, something purposeful for mankind as a whole? I doubt it.

And let me tell you something. This was not always the case.

There was a time, not so long ago, when an honest man or woman could associate with government a set of values and appreciations that meant something in his or her day-to-day life. There was a time when the businessman could expect from government the same responsiveness and care that he had to exercise as a simple means of survival. Groups of nations could associate, with confidence and hope, with allies who shared many of their hopes and dreams, and were strengthened in their own resolve through that association. Politics was a real conflict of ideas, a true intellectual battleground where men and women of good faith could advance their own arguments and strengthen their approach through responsible critiques of the approach of others.

There are many who say that the media have not only fundamentally changed the substance of our domestic political drama, but the reality of international affairs as well.

I say only that that argument is a cop-out—a lame duck excuse offered by statesmen and leaders who somehow believe that the quality of their actions has been reduced by the televising and recording of those very actions. And I think, Mr. Chairman, that it is time for men and women from all walks of life to pause for a moment and ask directly for a little bit of substance and a little bit of conviction in our domestic and international politics.

Statesmen can posture from today till tomorrow, they can develop their own unique and flamboyant style of saying nothing in more cute and attractive ways every day, but the *reality* is that the basic alignment of our world order, the basic values of our western democracies are being challenged and threatened by an oil-supported and communist-scripted world block that has, while the west chooses to posture and vascillate, made strides of immeasurable proportions in attacking our fundamental rights to nurture values and precepts of freedom that free men and women have died for and fought for for years.

Without getting into the specifics of the particular issue, I asked myself more than just a few questions, as I hope did all of you, when our country chose to express no view on the admission of a terrorist organization to debate at the United Nations. I didn't ask myself these questions in terms of pro-Arab or pro-Israeli, but rather in terms of whether we had reached the point of withdrawal from the defence of some basic morality and human decency in this world to the extent of having no view to express on this type of issue.

I asked myself what this means about government. I asked myself what this means about the continued ability of government to mean something, mean anything, to honest and decent people who support government with their tax dollars and give governmental authority its appropriate respect.

You know, the Watergate phenomenon, be it in its American form, in its developing Japanese form or in any form, is really a western phenomenon, both in the impact of its discovery and the revulsion on discovery. Whether we admit it or not, whether we are prepared to say so openly or not, I think that most of us take the political process pretty seriously, and do so because it seems to offer a rational, logical and equitable way for men and women, business and labour, right and left, Liberal and Conservative, consumer and businessman to get along in a decent and orderly fashion.

Similarly, we have put the same faith in the United Nations, and the international interaction and dialogue it is alleged to represent and imply.

I submit most respectfully, that much of the anxiety in our society, much of the uncertainty in the business community, much of the fear and trepidation on the international scene, stems from a shocking and frightening realization that "the Emperor *has* no clothes". The system has nowhere to go. Governments are failing.

They are failing in the enforcement of law, and failing in imparting respect for that law, be it domestic or international. As for getting along together, it is naïve to expect business and labour to play ball with any government that increases its own spending 24% in one year while calling on others for restraint.

Government has little to offer the labour organizer who has seen success after success through the blackmail of an industry, a community, a nation, or even a world trade alliance. It has not begun to seek out the alternatives to a social change governed now through threat and counter-threat and an economic chaos of the worst order.

In many countries, including our own, foresight and planning, reality and conviction have been replaced by the worst type of *ad hoc* brokerage politics that buys one group this week, another next, without ever conceiving of what the future holds, for *all* of us. Internally, we are a nation today where the sectorial politician, the politician who plays his or her game group by group, interest by interest, seems to garner the ultimate success.

The reality of this process, however, is a result that not only allows for enemies and class distinctions, but *demands* them as the fuel for continuing the activities of the system.

Internationally, nations stand alone, in the western world, without friends they can count on or values they can share. Most are divided from within in terms of values, divided so hopelessly and so recklessly that they could not possibly hope to share any values with any ally.

But there are some people, both within and without our nation, who do not suffer from these divisions, at least in any perceivable fashion.

The monoliths of China and Russia stand, while apart from each other, united within themselves and enlarging their spheres of influence and support continuously. The Warsaw Pact stands prepared not only to advance the balkanization of Europe, but stymie the legitimate liberalization of its own member régimes. And while NATO, as a counterbalance, provides the west's instrument for mutual balanced force reduction and détente, we dither over the value of an armed force to protect our sovereignty and carry out our international responsibilities. Indeed, we dither even about a force with the capacity to bring aid to the civil power, here in Canada, when and if that is necessary. And the continued vitality of extreme groups on the left and the right makes our dithering in this area sorrowful and naïve.

We are denuding ourselves of the instrumentality to support our values and our truths. We do so, because officially, in any event, we have no values and seek no truths.

And that's why I ask whether government can do the job—the job of nation building that still faces Canada, the job of world building that still faces mankind.

I ask whether we have not now reached the point when we must toughen our resolve to thrash out social and national values—and then work towards their right to exist within the international community.

I ask whether the men and women who earn their wages, invest their profits, pay their taxes and cast their vote do not now deserve more from government than posturing and dodging.

I ask whether the first responsibility of the politician is not now to say clearly and forthrightly that government must either mean something real to Canadians, or lose its reason for existing, its *raison d'être* both at the federal and international level.

I ask whether firm positions on tough issues are not the very substance that Canadians should exact from their political servants, both within and without any of our political parties.

I submit that we must not be ashamed to say that social order, respect for law, personal initiative and opportunity, all stem from the same basic view of the state as servant of the individual and not *vice-versa*.

I submit that equality of opportunity, freedom of enterprise and social equity stem not from government without values, but from the firm conviction and will of men and women who are proud of their values and prepared to leap to their defence.

I submit that social harmony, peaceful social change and evolution require a firm commitment from government that no one group, union, industry or conglomerate shall hold the public interest at ransom for its own selfseeking or selfish pursuit.

I submit that a nation can mean little to its own citizens when it says little and stands for less to the peoples of the world.

I submit that there is justification for a business community being restless and uncertain, when government offers no leadership, direction or guidance.

You know, during the debate on corporate taxes and in the debate on the government's oil policy of '73, I was consistently impressed by the number of men and women from the business world who said to parliamentarians in writing and directly that we can tolerate new regulations, we can face new restrictions, but all we really want to know is when the hell are the politicians going to decide on the rules of the game? That plaintive cry is not limited to business, but is representative of our society's aspirations and yearnings as a whole, and not that unrepresentative of the general drift that afflicts world politics and international economics. And, in my view it is high time that government began to deliver, high time for government to deliver some global systematic planning in the area of resources and food, high time for government to deliver in terms of taking business and labour into its confidence before decisions are made, high time to deliver in terms of meeting international commitments and obligations.

It's high time for the petty nationalists to be replaced by the thoughtful nationalists, who know the value of a border in matters of culture and identity and the equal value of an international friendship and relationship of mutual and broader import to all.

It's high time for the government bureaucracy to face the very market pressures the world around it faces, so that it might deal with the reality that it is structured to serve.

It's high time for the image-makers and style designers to leave the political process more open to the people who care about ideas more than hairstyles and substance more than image.

It's high time for a reintroduction into our politics of the dynamics of debate and idea warfare, the dynamics of a meaningful political and intellectual process.

When we have the courage to let politics re-embrace substance and ideas, we will have the guts to defend substance and ideas as a nation within the scope of our international role. When we debate and define social justice at home, we will search it out and seek its advancement abroad. When we assert that men and women in politics can have conviction and belief, we can defend rights of men and women to their beliefs within the international community.

I say to each and every one of you, that while my party can face criticism for the weaknesses and shallowness that all parties in our system have, from time to time, been charged with, it *remains* an instrument for invigorating our national political process and infusing that process with something of value and meaning.

Canadians who care about the fidelity and effectiveness of our political process have a duty to examine the instruments available to our nation in the assertion of its national values and the attainment of its national goals.

We are doing that in our party—as I hope others are within theirs.

Of one thing, however, you *can* be certain. The political party that embraces the direct politics of the idea, the party that sets before our nation principles meaningful to the human dignity and self respect of Canadians, the party that cares enough for the value of the process we call government to advance some values itself, *will* be the political party to re-awaken Canadians to the vitality and instrumentality of their system and society. The party that embraces a clear set of values about the quality of the individual, the service that the state must render every individual, and the inviolability of the public interest against minority or sectional interests will be the party to give Canadians both hope and optimism during the tough economic times ahead.

The nation that embraces that political party will be in a position, commensurate with its own size and commitment, to offer to other nations an opportunity for the pounding out of new common interests and values, a new international sanity and a socially just and justifiable social and world stability.

I would like to think that Canada and Canadians view *that* as a challenge worth pursuing and a goal worth attaining. I would like to think that the Progressive Conservative party, led, as it is today, by a man who has brought integrity, substance and sincerity back into the Canadian political arena, defeat or no defeat, is also a party prepared to pursue both that domestic and larger challenge. It's the type of challenge thinking men and women owe their nation a moment to consider. It's the type of goal Canadians deserve to attain through the party and government of their choice. It's the type of choice Canadians have a right to have. Thank you.

Mr. Wagner was thanked on behalf of The Empire Club of Canada by Mr. John Fisher, 1st Vice-President.

DECEMBER 5, 1974

The Current Crisis in the Universities

AN ADDRESS BY Dr. David Carlton Williams,
PRESIDENT AND VICE-CHANCELLOR,
THE UNIVERSITY OF WESTERN ONTARIO

CHAIRMAN The President,
Sir Arthur Chetwynd

SIR ARTHUR CHETWYND:

Distinguished head table guests ladies and gentlemen: An eminent British jurist, who is also the High Steward of Cambridge University, the Right Honourable Lord Devlin, said some years ago: "So many men have lit so many candles . . . but the age of candlelight is passing . . . the time has come when the light must come out of the lives of men."

In recent years, higher educational matters have certainly produced a lot of heat, but in the opinion of some, not much light!

I wonder if our speaker today remembers those words of Lord Devlin, as his gentle, cultured voice spoke them in the opening scene of a film entitled "Light for the Mind", which I had a hand in producing for the University of Toronto in 1963. Dr. Carl Williams was then a vice-president at the University of Toronto. The two of us, together with others at the U of T spent many hours in the development of that film project which I am happy to say became an award-winning production.

After survival, education in its broadest sense has always been vital to human progress. Higher education and research in many ways will decide the future of mankind. To cope with our ever-increasing problems we look to the products of education for solutions. At the same time the financial requirements are staggering. The taxpayer's ability and willingness to support the costs of Canadian universities, in recent times, have come under severe question.

The very select group of men and women who are charged with the responsibility of leading our modern universities have an enormous and frustrating task, one might even say dangerous at times, judging by some of the methods used to express freedom these days!

I have had the privilege of knowing Carl Williams for many years and at times worked with him and for him. He is one of those rare human beings who is at once an intellectual, as well as being a very down-to-earth person.

He is a first-rate Canadian product. Born in Winnipeg in 1912, he received his high school and his initial university education in Canada's "friendly province" with a B.A. from the University of Manitoba in 1932. He took his M.A. at the University of Toronto in 1937 and obtained a doctorate in Psychology in 1940 at the same university. As recently as 1969 his original alma mater, the University of Manitoba, honoured him with a doctorate of law, partly, perhaps, in recognition that as a young man he travelled east, instead of further west, to teach those "pesky" easterners a thing or two.

In 1940, World War II had just started and Canada was involved, and in need. Dr. Williams joined the Royal Canadian Air Force. (I understand our once proud R.C.A.F., which indeed did go "through adversity to the stars", now under the guise of the "combined forces" has the rather prosaic name of "Air Element"—a real grabber of a title!)

Dr. William's list of academic accomplishments and appointments is long and distinguished. Many of the enormous changes that have occurred at the University of Toronto are the result of his planning and influence during the '60s when he worked closely under the then President, Claude Bissell. He was appointed to his present high position on

July 1st, 1967. He also serves as Chairman of the Council of Ontario Universities. He is the author of *The Arts as Communication* (1963), and *University Television* (1965), a report for the Committee of Universities and Colleges of Ontario. In 1957 he founded one of Canada's original projects in educational television, the Metropolitan Educational Television Association of Toronto, better known as META.

I am most honoured to welcome and to present to you Dr. David Carlton Williams, President and Vice-Chancellor of the University of Western Ontario, who will at this time tell us about "The Current Crisis in the Universities".

Ladies and gentlemen—Dr. Williams.

DR. WILLIAMS:

As perhaps you may know, it was originally my intention to speak to you on the topic "The Red Carpet Treatment—Impressions of a Visit to China". However Mr. Auld's disturbing announcement, indicating a level of government support for universities far below our needs, effectively pulled that carpet from under me and made it imperative that I take this opportunity to put the case for the universities. I hope to persuade you to help us since, in the last analysis, those who will suffer most from the deterioration of the university system will not be you or me, but our children.

My new title, therefore, is "The Current Crisis in the Universities". I say "current" because the universities of the province are now being asked to cope with their third crisis in as many decades.

The first, you may recall, was that of the fifties when we repeatedly warned the government and the public of the impending onslaught of students and of the need to prepare for it. This had little or no effect until it was almost too late. Universities were few in number, low in budget, and small in enrolment. Since they had always been that way it was difficult to persuade people of the dramatic change that was pending. Finally we were able to do at least some planning and to have some of our machinery ready to go. The government once persuaded quickly took action and resolved that crisis.

The crisis of the sixties was the precise opposite of its predecessor—that of coping with enormous expansion. In one decade, student numbers in Ontario went from 29,000 to 111,000, a four-fold increase. Established universities expanded enormously and new, instant universities were created overnight. The challenge here was to accommodate students and recruit teachers for them. Again the universities, with the full backing of the government, rose to that challenge.

All of which brings me to the crisis of the seventies, the slowing down of the rate of enrolment increase and the approach of steady state budgeting have been accompanied by a mood of public disillusionment with universities, a feeling that we pay high salaries to underemployed professors to educate students whose militant activism is deplored. Both the politicians and the media have been quick to reflect this anti-university attitude. In addition, some of the decisions we made to relieve the problems of the sixties have come back to haunt us. There is, for example, the persistent problem of a young faculty; 70% are under forty-five years of age. As they mature in age and rank, they put increasing pressure on our salary budgets. With the decline in real revenue flows we are now experiencing, we are on an obvious collision course which will demand replacing many of these persons by juniors in order to even out the age/rank distribution. The seriousness of forcing this solution on us at an accelerated rate is hard to overestimate, for the government as well as for the universities.

The plight of the universities today is this, that we are caught in a contradictory policy. On the one hand we are urged to maintain the policy of openness and accessibility and to maintain and improve the system, while on the other we face imposed budget restrictions, plus the impact of external events, i.e. inflation and altered government policy. The universities no longer have as high a priority in the competition for public funds as have transit and regional government, to say nothing of health, primary and secondary education, and the civil service as they make their demands on the public purse.

What then did Mr. Auld say to cause so violent a reaction from us? In concrete terms, the government announced an increase of 16.9% in the total funds available *for all purposes* in higher education. This sounds far more generous than it is since most of the extra money is eaten up by increased enrolments for which additional resources *must* be provided, as for example in Science and Engineering. The actual amount we will be able to spend per student is determined by the grant formula (the basic income unit) which has increased by only 7.4%. When this is compared with double digit inflation figures the plight of the universities is easy to see. But this is not all. We are further enjoined from limiting enrolment, from raising student fees, and from incurring deficits. Having thus deprived the university of most of its autonomy, we are further instructed to preserve it! It seems to me that the only autonomy that remains is the freedom to allocate inadequate resources. Our problem, to state the obvious, is what to do under these conditions and the answer that comes back from both the public press and the government we find to be discouraging and wholly unsympathetic. Various forms of radical surgery are put forward with varying degrees of bitterness, sarcasm, and lack of understanding. The *Toronto Star*, for example, either scandalously uninformed or deliberately oblivious to the 40,000 to 50,000 summer school students enrolled in Ontario universities, prates about an "end to four month summer holidays". Well, being human, we have had our temper tantrums and vented our spleens but what we need are not flights of indignant rhetoric, but answers.

My colleague, Dr. Ian Macdonald of York University, interprets the government announcement as a deliberate policy of turning away from the universities, which implies a willingness to see them deteriorate substantially. The *Globe and Mail* disagrees, saying that the taxpayers of Ontario are unwilling to see their huge investment in higher education squandered. The *Globe* interprets the government move as telegraphing the message that the efforts we have made to improve our efficiency are not enough and that more radical cuts are required.

This view would seem in essence to be correct in the light of recent statements in the press quoting the Honourable John White in legislative debate on this subject. Mr. White made it plain that he will not expect even temporary deficit spending, the device President Macdonald suggested as a short-term means of cushioning the shock by spreading required adjustments over a few years at least. Mr. White points instead to solving our problems by increasing the student/staff ratio, citing the Universities of France and Mexico where student/staff ratios are as high as 80 and 100 to 1, compared to about 14 to 1 average in Ontario. With the greatest respect, I must remind you of the dangers of lifting statistics from one national context and applying them uncritically to another. I might, with equal justification, argue that since there are a couple of dozen political parties in France and only three in Ontario, our legislature would be eight times as democratic if we increased our party/politician ratio accordingly! Or would Mr. White prefer the student/staff ratio of the University of Cairo which is 800 to 1? The Premier, Mr. Davis, stated that he would be "more than a little concerned" at enrolment restrictions. The biblical analogy of being forced to make bricks without straw leaps irresistibly to mind. Mr. White, as reported, has made it clear that in this time of inflation the province cannot and will not increase taxes to provide further support to the universities even though much of this money comes from the federal government. The press further reports Mr. White as indicating that the province is experiencing increased demands from the health field, the education field, and from its civil servants. The implication seems clear that the government will increase taxes for all these but not for the universities. I fear that to many university employees the message being telegraphed here is likely to be read as meaning that the government prefers militance and confrontation tactics to reasoned argument and analysis.

While one can readily understand and applaud the determination of a hard-pressed government drastically to curb its spending in a determined effort to fight inflation, it is important to examine in some detail the effects this policy will have on the universities. Most economists agree that prices are likely to rise some 11 to 12% next year. The 7.4% increase in the value of the basic income unit, which is significantly smaller than 12%, necessarily means a reduction in real resources per student. At the same time that a growing number of sectors of society are being protected against inflation, we will have been left behind with the shrinking band of the politically weak to bear the brunt of society's fight against inflation. While the cause may be just and the role heroic, it is a role we would gladly share more widely, to say nothing of foregoing it altogether. And if left in the front line against inflation for any length of time, there is little doubt that we will sustain very serious injury. We feel like Mark Twain's hero, who on being ridden out of town on a rail, remarked that, if it weren't for the honour of it all, he would just as soon not have had to do it! That intangible quality, morale, is highest when people who are facing adversity perceive it to be equally shared by all. The way the country rallied in war time is evidence of this. Morale is, on the contrary, lowest when one group, in this case the universities, is singled out to bear what seems to it a disproportionate and unfair share of adversity while others with more political clout can command better treatment.

We face, it seems to me, both short-term and long-term problems. I agree with President Macdonald's argument that we need some help for short-term deficit financing to cushion the shock of the policy change. Universities are not taps to be turned on and off abruptly.

In the long term, we need to learn from government what its future plans for Ontario universities are, so we can make our plans accordingly. Whatever they are and however unpalatable they may be, the government must have the courage of its convictions and must speak out. The universities have already had three years of a traumatic hand-to-mouth existence, never knowing where they stand, never getting what they need, annually hoping for relief and annually disappointed to the point of rendering their capacity to plan practically nil.

Our position is a serious one. My university on the basis of careful calculations, concluded that we needed a B.I.U. increase of 19.4%, not 7.4%. This was higher than the C.O.U. estimate of 16.8%, mainly because our support staff is already a good 15% below the average salaries paid in London for comparable work. We are, therefore, already budgeting for a deficit, as are most of the other universities. This situation is now compounded by government's refusal to permit us to limit growth—which means we must continue to accept extra students with no extra funds. We are also denied the classic solution of business in coping with inflation, that of passing increased costs on to the consumers. These, in our case, are the students, but Mr. Auld has insisted that we cannot raise fees.

What then can we do? The *Star* suggests we can solve it all by having the professors work harder. They already do. The old myth about teaching no more than two or three classes a week will never be exploded, but I can at least chip at it a little. The lecture time is but the tip of the iceberg relative to the total time required of a professor. Analogies with the National TV newscaster, the symphony orchestra conductor, the minister preaching twice a week, come readily to mind. All spend many long hours in preparation for their relatively short periods of visibility. As for sloughing off unglamorous courses on graduate students, at Western 89% of all first and second-year courses are taught by full-time faculty members, and no less than one hundred of these sections are taught by full professors.

I am indebted to colleagues at Western for an analysis of what in fact we are doing and will continue to do in this condition of financial crisis. We are in a word, consuming our capital. The widow who lets her house and grounds go untended and unrepaired is consuming her capital. Our buildings won't be allowed to leak or fall down, but we consume our capital with minimum maintenance, minimum lighting and heating, and minimum caretaking. All of these contribute to poor morale and increased vandalism and damage. The farmer caught in a hard winter who sells his implements, feeds his seed grain to his hens, and slaughters his cow is consuming his capital, and because he is consuming his means of production rapidly, he will be bankrupt in less than a year. The university cycle is not that abrupt nor that dramatic, as this example shows. At Western there is great interest in an excellent course in introductory Biology where student demand has increased 40% in three years. It is taught imaginatively using all kinds of our means of production, namely, audio-visual aids such as films, slides, tapes, TV, projectors, do-it-yourself demonstrations, etc. This course operates from 8:30 A.M. to 10:30 P.M., five days a week, with Friday afternoons and evenings for maintenance. This is most efficient, but it consumes our equipment capital at a great rate. Our microscopes now get more use in one year than they used to in twenty. Of course, our other back-up means of production, the library books, language labs, maps and lab equipment are similarly consumed. This says nothing about really costly scientific equipment which is becoming obsolete far faster than our ability to replace it.

Professor Carmichael's third and most telling analogy is that of the small TV repair company which falls on evil days and has to let some of its staff go. The owner here consumes his human intellectual capital, sacrificing his best and most highly salaried men because he cannot afford to pay them. They will fare well elsewhere because their expertise and experience remain in demand, but he will replace them with less able people because they are all he can afford. A vicious cycle sets in which can only end when he loses his reputation and hence his business.

This consumption of capital by the universities is largely invisible at first. This is why the buildings look all right, the library looks busy, etc. This is why everyone can say that, in spite of having been cut for three years we appear still to be getting along reasonably well. This deceptive appearance is regarded as proof that there is a lot of fat in the university system which can continue to be cut out, without really harming the institutions. I suggest to you that this is a dangerous illusion because capital consumption is a cancerous malady. Universities can survive for a number of years this way, but it is a slippery slope leading inevitably to a deterioration of quality such that serious students simply go elsewhere. Once a university loses its reputation it takes years to repair the damage.

I have no magic formula to propose. I agree that the government has the right to decide how much it is prepared to spend on universities and I agree that we must cut our suits from that cloth. I argue that we need time to do it. What I have also tried to do is to indicate some of the probable consequences of that policy, particularly if it appears to apply to the politically weak sisters such as ourselves.

Finally and on a somewhat more buoyant note, I draw to your attention the increasing country-wide concern for and desire to conserve a Canadian identity. This has taken many forms, from the vigorous support of the arts through Canada Council and through an increasing interest in Canadian artistic and cultural endeavour by the business world and the general public; nor should the concern to sustain Canadian publishing be forgotten, to say nothing of the efforts of Canada's broadcasters both public and private to hold the country together and preserve in it some sense of unity in diversity. I suggest to you that the universities are a not inconsiderable national asset in respect to all of these things. Surely we cannot afford so little for the mind. This being so, the universities deserve and merit your hearty support, moral and financial, if we are to maintain them.

I can do no better than turn to the classics for an apt quotation: "We hope that none of you will consider these words of remonstrance as words of hostility: men remonstrate with friends who are in error; accusations they reserve for enemies who have wronged them." Thucydides—*The Peloponnesian War.*

Dr. Williams was thanked on behalf of The Empire Club of Canada by Mr. Graham M. Gore, a Past President of the Club.

DECEMBER 12, 1974

Bermuda Calling

AN ADDRESS BY His Excellency,
Sir Edwin Leather, K.C.M.G.,
GOVERNOR OF BERMUDA

JOINT MEETING The Empire Club of Canada
The English Speaking Union

CHAIRMAN Sir Arthur Chetwynd, President,
The Empire Club of Canada

SIR ARTHUR CHETWYND:

Distinguished guests, ladies and gentlemen: The year 1963 marked the sixtieth anniversary of The Empire Club of Canada. Arthur J. Langley was president during our Diamond Jubilee celebrations that season. Arthur was to be at the head table today, but unfortunately he is confined to a sick bed.

One of the jewels in our diadem of speakers that season was Sir Edwin Leather. He spoke to the Empire Club on March 12, 1964. No doubt many of you in this room will remember Sir Edwin's remarks at that time.

I am deeply honoured that I should have the opportunity of welcoming Sir Edwin for a second visit after a ten-year absence, this time to a joint meeting of The Empire Club of Canada and the English Speaking Union. In 1964 he was Sir Edwin Leather, M.P. This time he is still Sir Edwin Leather but with many added personal honours, most particularly as the Queen's representative on the island of Bermuda.

A reference to the Empire Club Yearbook of the 1963/64 season carries the text of Sir Edwin's speech entitled

"What Use is the Commonwealth?" I believe he could well have repeated that speech here today with effect.

Here are some quotes from that speech. "We live in troublous and trying times—the world is full of horrors and the great thing about our age is that you can now see most of them right at home on television." "Have you ever thought that the modern Commonwealth, is in fact, very much the handiwork of Canadians?" "I wonder if all the pundits diagnosing Canada at the moment are really so much wiser than the Fathers of Confederation?" "A devastating challenge faces the rich countries of the western world."

Our speaker is one of that distinguished group of Canadians some of us in this room can remember—for example, Sir Bonar Law, Lord Beaverbrook, Sir Beverley Baxter, Lord Thomson—who went to Britain and took with them to the Mother of Parliaments the scent of pine forests and some of the glory of the maple leaf. The net effect, I think, has not been to make Canadians more British—but rather to make the British more Canadian. In any event, they have oftentimes provided a most useful voice for Canada abroad, because although they lived and worked in Britain, their hearts were in Canada, and they continued to think in terms of a stronger Canada in a unified and continuing Commonwealth. They are a part of that group which has added a mid-Atlantic accent to world affairs.

Sir Edwin was born in Toronto, but moved to Hamilton at an early age, and was educated at Trinity College School and the Royal Military College. During the war years of 1939–45 he served with the Canadian Army in the United Kingdom and Europe. Much taken with the country of his forebears, he remained in England after the war and took up a busy life in politics and commerce. During the years 1950 to 1964 he was Member of Parliament for North Somerset.

His business activities have included directorships of William Baird Ltd., William Baird Textiles, Hill Samuel and Co. Ltd., Leather Cartage Company, his family firm in Hamilton where he was on the executive committee, British Commonwealth Producers Organization, British Caribbean Association (Chairman), Horder Centres for Arthritics.

He served on the Central Board of Finance of the Conservative Party, 1963 to 1970, and was chairman of that board in 1969–70. He was the Canadian Legion representative on the executive committee of the British Commonwealth Ex-Servicemen's League from 1954 to 1963, and received the Medal of Merit of the Royal Canadian Legion.

In cultural affairs he has served as Deputy Chairman of the Yehudi Menuhin School and the Menuhin Orchestra. He was Chairman of the Bath Festival Society from 1960 to 1965. He is a musician in his own right. He is a lay reader in the Church of England and an experienced broadcaster and writer for television.

As is known to many of our guests today, Sir Edwin served as Deputy Chairman of the English-Speaking Union in 1973. He was knighted by Her Majesty in 1962, made a Knight of the Order of St. John of Jerusalem in 1974, and earlier this year had bestowed upon him the high honour of the KCMG, Knight Commander of the Order of St. Michael and St. George.

With a lifetime of experience in government, the military, the arts—and just plain working with people—it is easily seen that his appointment in 1973 as Governor and Commander-in-Chief to the then troubled Island of Bermuda (where his predecessor Sir Richard Sharples was assassinated) was a propitious one.

He has chosen as the title of his address "Bermuda Calling". The British are known for their traditional reserve and economy in communication. To illustrate this there is a story that in the course of an argument, a Canadian informed an Englishman that the inhabitants of the old country were much too reserved. "Oh nonsense," replied the Englishman. "Why, years ago, when I was in the Cambridge

Eight I knew all the other fellows quite well . . . that is, all excepting one, and he was away up in the bow."

I am sure that story is less true now because of the flamboyance which our guest speaker brings to his lifetime tasks. I expect that we shall find his Bermuda call a siren song hard to resist as he recounts some of his experiences and tells us something about the wonderful place where he now lives and continues to serve the Crown.

Ladies and gentlemen, it is a great honour to introduce to you His Excellency the Governor of Bermuda, Sir Edwin Hartley Cameron Leather.

SIR EDWIN LEATHER:

Sir Arthur, ladies and gentlemen: Thank you for that glowing introduction.

When one has had so many odd things happen as I have, introductions are a bit of a hazard. But believe me, being the Governor of Bermuda does not present anything like so much introductory hazard as that of a good friend of mine who is the Governor of the American Virgin Islands. He stood up on an occasion very much like this and heard himself introduced: "Ladies and gentlemen! Pray silence for the Virgin of Governor's Island!"

Now, Sir, before I go any further, I would like to make two presentations—to you, Sir Arthur, and to Mr. Kenny, as the joint chairmen, and for your kindness in asking me here I wish to confer on you certain decorations.

By virtue of absolutely no authority whatsoever, and entirely on my own initiative, and without permission of Her Majesty (my boss), I am pleased to bestow on you both the distinction of Knight Commander of the Most Happy Order of Bermuda. This is the insignia of your rank.

For the benefit of those who cannot see, that is not a fish hook on there, it is a map of Bermuda, surmounted by the Royal Crown. It is my private Order which I invented for the distinction of those who have rendered unique service to the people of Bermuda—by asking their Governor out to lunch! I am to tell you that it conveys on you a distinction which holds good even in Canada. You are now hereafter, for the rest of your lives, entitled to write after your names the letters KCOB, but be careful how you write it or there might be some misunderstanding.

And also I would like to present both of your clubs, if I may, with these documents. They are maps, actually—maps of Bermuda. They are rather special ones and rather interesting. They are reproductions of the original map of Bermuda which was drawn by a young English surveyor called Richard Norwood in the year 1616. It was the first survey that was ever made on the western side of the Atlantic. In 1965, Bermuda was surveyed for the second time. It was discovered that Richard Norwood, working with the primitive tools of 1616, in surveying the whole islands of Bermuda, was precisely 3/16 of one inch out!

I would like to present these maps to you. They bear the Great Seal of Bermuda. They are signed personally by the Governor. I thought you would like to know I can write! It tells you all about them on the back. It's written in Latin, so you'll both be able to understand it quite clearly.

Now, Mr. Chairman, thank you for your wonderful luncheon. There really isn't much that I can say, because in my present position I am forbidden to talk politics. I have it in command from Her Majesty that I am not to tell you what she thinks about Mr. Harold Wilson, or Mr. Edward Heath, or any of the distinguished people who govern Canada, and I *certainly* am not allowed to comment on the politics of Bermuda. I'm sure Mr. Michener will understand my predicament. He, of course, is an old hand at it and I'm just a beginner. Whether John Robarts would be so sympathetic with my dilemma I don't quite know. But in fact you see before you, my friends, a very sad sight. A speechless politician!

But I can just say at least one sentence, which I shall get off my chest right now. I am sure it is historic. I'm quite certain it has never been said in Toronto before, and I hope it will interest you. "I bring to Toronto, and the people of Toronto, greetings, good will, admiration and friendship from the people of Hamilton . . . Bermuda!"

Having gone from one Hamilton to another, you will understand that I am inclined to get my Hamiltons muddled up. I would not dare say that in front of Mayor Vic Copps. He might misunderstand—and he's got to listen to this same speech tonight.

I might say, for Toronto, you are getting the cleaned-up version. Quite frankly, when I spoke to the Empire Club ten years ago, it was a *stag* lunch, and I didn't realize that today I would be surrounded by so many charming ladies. So I've been busy crossing out the more lurid passages.

Of course I bring you all a special greeting from the Bermuda branch of the English-Speaking Union. I'm glad to hear the ESU is thriving here in Toronto. In fact I'm glad the English language survives at all here in Toronto. I wonder how much of the credit for this unlikely achievement must rest with Professor Marshall McLuhan, who addressed this Club not long ago? I read that speech with the utmost interest. I noted he said, "It is important for survival to understand that the simultaneous data of the omnipresent information environment is itself structurally acoustic." I'm all for survival, and I'm sure the professor is absolutely right. But I'm darned if I understand what he meant!

Communications, we are so often told, is one of the great creations of our age. Perhaps it is true, but some of the most profound remarks ever made on the subject that I know of were said many years ago by men who were both in their seventies at that time. That great Canadian wit, pillar of the York Club, and dear friend, Leonard Brockington once wrote, "According to the latest figures issued by the Dominion Bureau of Statistics, over 90% of the world's newsprint is made in Canada. May God forgive us!" And it was way back in 1928 that Will Rogers defined an optimist as a person who had not seen a newspaper for three days!

Today I reckon it would take five or six but the principle is the same.

Being a bit of a Gordon Sinclair addict myself—you know, when I did Front Page Challenge recently Mr. Sinclair was so nice to me he didn't even ask me what my salary was—I believe in homespun philosophy. But, news? I'm sure we would all be happier without most of it. I'm a warm-hearted chap, I am genuinely sorry if they have floods in Bangladesh, and revolutions in Chile, and terror raids on the borders of Israel, but it's really not my fault, and I'm darned if I believe it is good for my soul that all the world's horrors should take place in my living room. I'm told that out at Toronto airport these days one dare not say "Richard Rohmer" out loud without starting a panic! Everyone thinks the United States Marines are coming down the runway, and my old classmate Pierre de Gaspé may not be there to meet them.

Communications, news, noise, we are deluged with it. And most of it in English. Or what today passes for English.

Most of it is initiated by the two countries whose geography and history have impinged most greatly on Canada, as on Bermuda, Britain and the United States. The destinies of these countries, whether we like it or not, have done more to influence the development of the entire world so far in this century than any others. Two great countries, as George Bernard Shaw said, joined together by the Atlantic Ocean and irretrievably separated by a common language! I read of a NATO press conference in Brussels just a short while ago where a German newspaperman put a long complicated question to two of the Staff Generals. The English general said, "Quite". The American general said, "I think you can definitely quote me as saying that the Pentagon could go along with that provided there is no major change in the strategic environment of the infrastructure." I suppose they both meant the same thing.

But let me tell you about Bermuda. To start with the Bermuda Government Tourist Office is at 85 Richmond

Street West, right here in Toronto. Our Toronto General Manager is Ron Bassett. Air Canada will get you there in a little over two hours, and Howard Kennedy and Ron Williams are right there with plenty of Bermuda time tables—be sure not to leave this room without getting your free copy! They have both been stationed in Hamilton and can vouch for every word I say!

We are only twenty-six miles long and one smile wide. We have the highest average net income in the world, but we limit motor cars to only one per household and the speed limit is twenty miles an hour. We are the only country in the world where you can see bank chairmen peddling to their offices on scooters. We exist just to serve all you nice Canadian and American tourists who come down and leave all those lovely dollars behind you. Frankly, we would all starve if you didn't. Some 80% of our income depends on tourism.

We like to be as close to you as we can get, but alas, the path of Newfoundland is quite impossible for us. Dearly as we love Canadians and Americans, you both indulge in a barbaric custom called income tax! When I asked a good friend of mine, a real salt of the earth old Bermudian fisherman, what he and his friends thought about income tax, he replied loud and clear, "No way, man!" It is certainly not for the Governor to enter into party political controversy, thank Heaven, but it is only reporting the facts to say that many Bermudians strongly resent the phrase "tax haven". They reply simply, "We have built the highest living standards in the world without income tax. Maybe you people could learn something from little Bermuda?" And that could lead on to a joyful Canadian party political controversy which I have no intention of getting mixed up in either.

To be the only Canadian Colonial Governor in history, so far as I know, is, I admit, a fascinating situation. To be Governor of Bermuda must be just about one of the most delightful jobs in the world, as any of you will understand who have ever visited our paradise archipeligo. To those of you who haven't I can only say you have one of life's most pleasant and happy-making experiences still to come. And that is nowhere near the end of my commercial!

Just in what precise way Bermuda is a "colony" is a subject only understood by advanced metaphysicians. Bermuda has in fact been self-governing a great deal longer than Canada; some 355 years to be exact. And Bermudians are very much, as Mr. Vincent Massey once pointed out about Canadians, the more British in that they passionately adhere to that most British of all human characteristics, the determination to do everything in their own sweet way!

We have a democratically elected House of Assembly and an Upper Chamber—and something that is unique about us, we are a completely intermixed bi-racial society. We are the closest thing to a 50/50 black/white society that exists anywhere in the world. There are countries like the United States that are 90% white and 10% black; many lovely countries like Jamaica, Trinidad and Barbados have a population 95 to 98% black. In Bermuda we're very nearly 50/50. The Premier happens to be black. I happen to be white. The Cabinet is roughly half black and half white. We have two Supreme Court Justices. It just happens that one belongs to each race. The boards and managements of our banks and our big public institutions are all racially integrated.

We have some people with racist attitudes. I know most of them. There would be about one hundred on each fringe —about one hundred radicals on the black side and one hundred real old troglodyte reactionaries on the white side. I have said in public that I wish we could revert to *real* colonial status for just one day—when the Governor had totally autocratic power. Because I know exactly what I would do. I would have the police round up the whole two hundred of them, take them out and stick them on one of our uninhabited islands and say, "There, you idiots! Sit and scratch each others' eyes out and let the rest of us get on with it!"

We have no barriers except ability and hard work. And our Treasury allows those who earn the fruits of hard work to keep them. Our Government's demands on Gross National Product, at some 20%, are just about the lowest in the world. But before anyone gets too excited I have to tell you that we also have very restrictive immigration laws. But we have ten tourists for every one resident.

According to the Constitution I have certain real, indeed heavy, responsibilities. I am responsible for the police, for internal security, for defence and for external affairs. But the functions of all the fine bodies of men and women so concerned are to carry out the laws of Bermuda. I don't make the laws of Bermuda. The elected House of Assembly does. My job is to ensure those laws are carried out.

What this really means in Canadian terms is that I act as the Prime Minister's Minister of Justice, and his External Affairs Secretary, and my office is the whole caboodle of communications with other Governments and innumerable international organizations. If I didn't do it they would have to hire others to do so.

Of course, we do not have serious foreign policy problems in Bermuda. We were not deeply offended to discover that we were not invited to the Strategic Arms Limitations Talks. We were never consulted on the cease-fire in Vietnam either. The permanently itinerant Dr. Henry Kissinger has not visited us for four years; and from the occasional references to us in the United Nations it is eminently clear that those distinguished gentlemen don't even know where we are!

On the other hand the myriad complications of international airline traffic, routing and communications, radio frequencies, postal regulations, the laws of safety at sea and shipping registration are all vital to our existence. The problems of pollution of the sea are of the most urgent concern to Bermuda, and you may be surprised to know that much of the world's most fundamental research in this field is conducted in and around our islands.

We have several of the world's finest championship golf courses, unlimited year-round tennis and a temperature which rarely reaches above 90 or below 55. We have Rotary, Kiwanis, Lions, Red Cross, St. John's Ambulance and a Canadian Branch of the Salvation Army. There are over three hundred active charities and voluntary organizations amongst our 55,000 residents, including the English-Speaking Union, the Royal Commonwealth Society and the Canadian Club. We have one of the best Hotel Colleges in the world, a National Trust, Conservation Committee, Garden Clubs and six ex-servicemen's associations. And for the benefit of all other Tor-Scots and 48th Highlanders, I am the only living Governor who wears the kilt and can turn up with my own piper! We still have full official holidays on Remembrance Day and Queen Victoria's birthday. We have 235 square miles of the most beautiful reefs you ever saw and some of the safest and most exciting diving you can find anywhere in the world.

Mr. Chairman, you must forgive me. I could go on enthusing about Bermuda all afternoon. It was that well known, and not entirely uncommunicative Torontonian, Roy Thomson, who once told me the only difference between rape and rapture is salesmanship. I admit I'm rapturous about Bermuda. Just come and see for yourselves. I promise you there is no nicer place to spend Christmas, and though you will find Air Canada flights from now till after New Year are fully booked, if you ask them nicely to put on extra flights, I promise you we will give them extra landing permits.

Merry Christmas, God bless you, and thank you.

Sir Edwin Leather was thanked on behalf of those present by Mr. Melvin Kenny, President of the English-Speaking Union.

DECEMBER 19, 1974

Christmas Luncheon

GUEST OF HONOUR The Honourable Pauline McGibbon,
LIEUTENANT GOVERNOR OF ONTARIO

CHAIRMAN The President,
Sir Arthur Chetwynd

SIR ARTHUR CHETWYND:

Your Honour, Archdeacon Dann, Right Honourable Sir, ladies and gentlemen: A most hearty welcome to the 1974 Christmas party of The Empire Club of Canada. To all members, and their guests, both young and old, thank you so much for joining with us today to close out our fall season, and to make merry for a short time as we usher in the Christmas season.

The message of Christmas is one of peace, hope, love and joy. It is a time for families and individuals to renew the "ties that bind", and to pause for a few days to think on, and enjoy, the kinder things of life, and to love *all* of our neighbours near and far.

It is also a traditional time of goodwill and a renewed striving for peace on earth. So let us be of good cheer and good heart. Glad tidings *are* with us in this great Canadian Room. Old King Wenceslas is about—we have had a sumptuous feast, for which we thank our Maker, and shortly our herald angels will indeed sing.

The Empire Club of Canada has a number of fine and worthy traditions. We are known for our ability to organize such functions as these efficiently—you will note that the board of directors as recently as this morning ordered snow in order that we may also say welcome to winter!

One of the happiest of our traditions is the presence of our Honorary Vice-President, the Lieutenant Governor of

Ontario, at our annual Christmas party. This particular tradition originated on December 18, 1924, when His Honour Lieutenant Governor Cockshutt and Mrs. Cockshutt were present. Fifty years plus one day later, we are privileged and honoured to celebrate a significant first, as we welcome the new Lieutenant Governor of Ontario, Her Honour Dr. Pauline McGibbon, first woman to be appointed as the Queen's representative in our province.

Your Honour, on behalf of all gathered here (slightly over eight hundred, another record) I extend to you and your husband our warm-hearted affection, and through you to our beloved monarch, Her Gracious Majesty, Queen Elizabeth II. We are indeed privileged to have you with us in this, your first official visit to us as the Queen's representative, and also as our Honorary Vice-President.

Your graciousness, warmth, dedication, and commitment to Canada and to its institutions commands our deepest respect and loyalty.

Ladies and gentlemen, it is indeed my great honour to introduce Her Honour, the Lieutenant Governor of Ontario, Dr. Pauline McGibbon, and ask her to bring greetings on behalf of Her Majesty, Queen Elizabeth II.

Your Honour.

HER HONOUR,
THE LIEUTENANT GOVERNOR:

Mr. President, honoured guests, ladies and gentlemen: It is a very real pleasure for my husband and me to share with you the annual Christmas party of The Empire Club of Canada.

As has been said, this is my first visit to the Empire Club since I became the representative of Her Majesty the Queen in the province of Ontario. In this capacity I would like to bring greetings to all of you and best wishes for the coming year.

As the Honorary Vice-President of this Club may I compliment you on the speakers who have appeared at your luncheons this fall. One of the drawbacks of this new position of mine is that it is not always possible to do those things one would like to do—such as slipping away and hearing these knowledgeable people.

Today, of course, has been held for months just for the Empire Club—and if I may add, Mr. President, for Dr. Peaker as it is always a joy to hear him and his choir.

A festive luncheon is not the time for long speeches. Rather it is the time to meet friends and exchange greetings. Thank you for giving this opportunity to my husband and me.

SIR ARTHUR CHETWYND:

I would now ask our immediate Past President, Mr. Robert Armstrong, to make a presentation to the Lieutenant Governor. (*Presentation of bouquet of roses to Her Honour, the Lieutenant Governor.*)

SIR ARTHUR CHETWYND:

Your Honour, with your kind permission, I would now like to introduce the other guests seated at the head table. (*Introduction in the usual manner.*) Ladies and gentlemen, we have a number of first time happenings today. To my knowledge, certainly in recent history, it is the first time that we have had an Honorary President and an Honorary Vice-President at the same head table.

We all regard the Right Honourable Roland Michener, Canada's former Governor General, and Mrs. Michener, with great affection. Roland Michener was elected President of the Empire Club on April 19th, 1964. He was able to serve only a few months, for as we all know he was appointed Governor General of Canada that same year.

His contributions to Canada and the Crown during his distinguished service were enormous. As a graduate of The Empire Club of Canada, if I may be so bold, throughout those years he has also served as our Honorary President with warmth and distinction. All good things do, however, come to an end. To keep another of our fine traditions intact, I must announce to you at this time that Mr. Michener is resigning at the end of the year. At the same time, I am proud to tell you that His Excellency Jules Leger, Governor General of Canada, has graciously agreed to accept our invitation to become our new Honorary President.

I am happy to say that I learned, in a recent conversation with officials in Ottawa, that His Excellency's health has improved remarkably. As this will be Mr. Michener's last official appearance as our Honorary President, I know you would not want to see him rejoin our ranks, as it were, without a few words.

Sir, I invite you to speak to us at this time.

The Right Honourable Roland Michener addressed the meeting briefly.

SIR ARTHUR CHETWYND:

As a token of our affection and thanks I would ask our First Vice-President, John Fisher, to make a presentation to Mrs. Michener. (*Presentation of bouquet of roses to Mrs. Michener.*)

SIR ARTHUR CHETWYND:

Your Honour, ladies and gentlemen: next on our agenda is another "first", certainly for the person concerned—our Immediate Past President, Robert Ludlam Armstrong, learned in many things, economics, business, law, leadership, and warm human relations. This will be the first and last time that I, as your President, pay official tribute to Bob Armtsrong and present him with his graduation certificate.

Robert Armstrong served The Empire Club of Canada during the 1973/74 season with great distinction. It was my good fortune to serve under him as First Vice-President, and to learn from him the perils and pitfalls as well as the responsibility of serving The Empire Club of Canada as President. If I come out with my skin intact this year it will be largely because of his wise and firm guidance. If I don't, it will be because I did not listen and learn well enough.

Today, it is my special privilege to honour you, Robert Armstrong, with an illuminated scroll of office which bears the signature of our retiring Honorary President, The Right Honourable Roland Michener. It reads, far too simply, "The Empire Club of Canada acknowledges with grateful thanks the services of Robert Armstrong as President during the year 1973/74."

Such a modest statement is hardly enough thanks to you for providing us with an outstanding year as President. This comes to you in grateful appreciation from the Board of Directors and all the members of The Empire Club of Canada.

Just before you have your last cut at the cat, so to speak, and in recognition, as is the case with most of us, of the fact that there are other persons who inspire and encourage us to excel in life, I would ask Peter Hermant, our Second Vice-President, to make a presentation to Mrs. Armstrong, who I know is the real reason for your success! (*Presentation of bouquet of roses to Mrs. Armstrong.*)

Mr. Armstrong made a brief reply.

SIR ARTHUR CHETWYND:

We now come to the highlight of this Christmas luncheon. At this time I should like to introduce to you Dr. Charles Peaker, the talented and delightful gentleman who with the ladies and gentlemen of the choir of St. Paul's Church, Bloor Street, will soon entertain us and lead us in singing some of the old familiar Christmas carols.

This is a particularly pleasant and easy task for me. I must confess that this part of our programme is what might be called "a rigged deal", as some in this room know that currently I have the honour to serve as Rector's Warden of that great church on Bloor Street. I have been careful to surround myself with my rector, the clergy, the choir and even some of the congregation, but we do promise that we will not take up a collection today!

Dr. Peaker is a remarkable and well-known musician. His name and fame are known throughout Canada and in many other countries. 1974 marked the 132nd year for St. Paul's. It also marked the completion of thirty years as organist and choir master for Dr. Peaker. He is also organist at the University of Toronto and Honorary President of the College of Church Organists.

To add glory to his already distinguished career, on December 6, 1974 he was honoured at an investiture in Ottawa by His Excellency the Governor General of Canada with the Order of Canada. December 6th was also Charley Peaker's seventy-fifth birthday.

In honour of the achievements of this distinguished and talented musician, I am happy to say that the Board of Directors of The Empire Club of Canada has authorized me to present him with an honorary life membership. I would ask Dr. Peaker to come forward to the podium, where Her Honour the Lieutenant Governor and the Right Honourable Roland Michener, both old friends, will make a joint presentation.

Her Honour the Lieutenant Governor and the Right Honourable Roland Michener made a joint presentation to Dr. Charles Peaker of an honorary life membership in The Empire Club of Canada. Dr. Peaker acknowledged this recognition with pleasure.

SIR ARTHUR CHETWYND:

As Dr. Peaker makes his way to the choir who are now in position, I wish to make special mention of some people in this room.

First, our old friend Stanley St. John, who is with us faithfully each week at the piano.

Pipe Major Ross Stewart of the 48th Highlanders of Canada.

There are several special ladies who contribute to the successful operation of The Empire Club of Canada. First, of course, is Mrs. Eleanor Cook, our Executive Secretary, without whose hard work and support this president and several former presidents would be in trouble, and Marjorie Everard, her assistant. The secretaries of our officers and directors, whose faithful help has been invaluable, and especially to my own secretary and others on my staff, who keep me in line and keep the home fires burning. To all those, thank you so much.

To George Stafford who arranged this grand luncheon, and to Adrienne, Charlie and all the wonderful staff of the Royal York Hotel who look after us each week, our heartfelt thanks. Lastly, just before we harken unto our angels as they herald in our Christmas music, another fine tradition of The Empire Club of Canada is the fact that each week we have as our head table guest a student from one of Toronto's secondary schools. We invited all twelve who were with us this fall to be our guests today. Unhappily many of them are in the midst of exams. However we do have four of these fine young people with us. I would ask them to stand and be recognized.

And now let the music begin.

A programme of Christmas music was presented by the Ladies and Gentlemen of the Choir of St. Paul's, under the leadership of Dr. Charles Peaker, Organist and Choirmaster.

SIR ARTHUR CHETWYND:

On behalf of everyone in this room, the members, the guests of The Empire Club of Canada, hearty thanks to you, Ladies and Gentlemen of St. Paul's Choir and to your leader, Dr. Charles Peaker. Your music has inspired us.

The next meeting of The Empire Club of Canada will be in the ballroom of the Royal York Hotel, Thursday, January 9, when our speaker will be Dr. Bette Stephenson, President of the Canadian Medical Association. Her subject will be "The Doctor's Dilemma, Circa 1975".

We have come to the end of a marvelous session. A merry Christmas and God bless us everyone.

Would you now stand as we sing Canada's national anthem, and remain standing as the Vice-Regal party leaves.

JANUARY 9, 1975

The Doctor's Dilemma —Circa 1975

AN ADDRESS BY Dr. Bette Stephenson,
PRESIDENT,
CANADIAN MEDICAL ASSOCIATION

CHAIRMAN The President,
Sir Arthur Chetwynd

SIR ARTHUR CHETWYND:

Distinguished guests, ladies and gentlemen: There is a story about a pretty young girl, after undergoing an appendectomy, asking, "Doctor, will the scar show?"—and the doctor replying, "Not if you're careful!"

Our speaker today, Dr. Bette Stephenson, is President of the Canadian Medical Association, and like all good presidents I have observed (speaking metaphorically, of course) seems prepared to expose some scars to the public.

It is quite often customary for the president of an association (perhaps even the Empire Club) to be a one-person lobby for their organization. Dr. Stephenson, from what I have observed and read of her since she came so prominently into the public eye, has castigated her peers and governments alike, when she felt they deserved it—and has done so in a very telling way. If she is a lobbyist at all, she seems to be a lobbyist for her own conscience—an altogether admirable ideal!

It would be impossible, in the time allotted to me, to do justice to all of those things already written into the record of our speaker's still relatively short lifetime. Born in Aurora, obviously a brilliant student, she graduated in Medicine from the University of Toronto before attaining her twenty-second birthday. Following internships at Women's College Hospital and Toronto Western Hospital, she has served as a "general practitioner and a family physician" from her base in Willowdale since 1948.

She is married to Dr. G. Allan Pengelly (for practical purposes she has continued to use her professional, pre-marriage name of Dr. Bette Stephenson), and has six children—four boys and two girls . . . zero population!

In addition to her busy home and professional life, our speaker has found time to make a contribution in what is usually referred to as the larger world. A year has not gone by without finding her identified in a very active way with an important area of service in medicine, education, teaching, welfare and, of course, in many, many aspects and facets of the Canadian Medical Association and its interfaces with its numerous publics. In recognition, she was awarded Canada's Centennial Medal in 1967.

There is a story about a preacher who had a brother, a medical doctor whom he very much resembled. A gentleman met the latter one day and said, "You preached a fine sermon on Sunday, Doctor", to which he replied, "I am not the brother that preaches. I am the one that practises."

Our speaker today is that unique person who in her lifetime has combined practising and preaching in what seems to be a rather effective prescription. Ladies and gentlemen, speaking on the subject of "The Doctor's Dilemma—Circa 1975", it is with very great pleasure and honour that I introduce to you the President of the Canadian Medical Association, Dr. Bette Stephenson.

DR. STEPHENSON:

Mr. Chairman, Mr. Minister, honoured guests, ladies and gentlemen: Sir William Osler, who died more than fifty-five years ago, is undoubtedly still Canada's most famous and most quoted physician. May I read one brief paragraph of his to illustrate why? "Though a little one, the master word looms large in meaning. It is the open sesame to every portal, the great equalizer in the world, the true philosopher's stone, which transmutes all the base metal of humanity into gold . . . and the master word is . . . work."

Ladies and gentlemen, for those of you who have been wondering how or why this fifty-year-old female was elected the first woman president in the one hundred and seven year history of the Canadian Medical Association, I think that is the answer.

Having been born, raised, and educated, and having worked all of my professional life in the Toronto area, the influence, the renown of the Empire Club and its prestigious membership has been very well known to me for many years. Thus my ego was appropriately massaged when I received the invitation to address you today. Therefore I thank you sincerely for the honour and for the *privilege* of speaking to you, but I confess that I, too, have wondered why. I thought perhaps there might be two reasons, and the first reason I thought of was that perhaps my occasional somewhat extensive exposure in the mass media had whetted your curiosity, since one has to admit that a woman president of a major national organization such as the Canadian Medical Association is still somewhat unusual. It is also possible that you were led to believe that the reputed conservative caution of that august association, the CMA, had been replaced either by reckless abandon or unusual prognosticatory capability.

About the former conjecture, time alone will tell. As to the latter, I must tell you that not even the omniscient members of the Canadian Medical Association were aware in 1973 that 1975 would be declared International Women's Year. Because I have neither time nor sympathy for the uncharitable truculence and the frenetically dehumanizing activities of the too visible and too vocal proponents of so-called "women's liberation", I have rejected the thought that this traditionally andro-centric organization extended its hospitality as a token gesture to that United Nations declaration, because like most Canadian women, I know who I am—a woman, a wife and a mother. I am also a doctor, a general practitioner, or family physician if you prefer, who happens to be the president of my profession's national association, and as far as my profession is concerned, the fact that I am a female is totally irrelevant.

Having disposed of that first possibility, I concluded that your invitation was probably prompted by a real interest on the part of our society in the role and policies of the most dedicated of its public servants, the doctors, and perhaps some slight curiosity about the individual who is privileged to represent at this time the Canadian medical profession.

So be it.

In spite of the opinion voiced by some of my critics, both within and outside the medical profession, I do not open my mouth simply to shift feet. However, neither do I believe that any woman, including the president of the Canadian Medical Association, should travel through life voicing platitudinous nothings, avoiding the real gut issues of our time simply because they happen to be controversial or because they require the use of some unvarnished English. As a result, from time to time, I am quite correctly accused of sounding something less than ladylike.

No, I am not intimidated by men. Indeed I find them attractive and extremely interesting in more ways than one or two. My lack of sympathy with what I consider the lunatic fringe of the women's liberation movement is no doubt the result of my own personal experience. I have never felt that I required liberating. I was born and raised in a liberated family, my husband tells me that he has never felt constrained to curb that liberation, nor has his masculinity or position as a husband and father ever been compromised or threatened by my status. He too, happens to be a doctor, a very superior family physician. I can count on the fingers of one hand the number of occasions in my professional life that I have been aware of any sexual discrimination on the part of my professional colleagues. I wish I could say the same thing with respect to patients. I suspect that there are within this audience a number who would have no concern at all about their wives seeing a male obstetrician but who would have some fairly serious reservations about asking me to examine their prostate glands. The hang up, gentlemen, is yours—not mine. I am simply a physician.

There is one other major fact of professional medical life which denies any element of sexual discrimination. If I were to deliver your wife's baby next week the OHIP benefit for my services would be $148.50, exactly the same amount that my husband would receive. If, however, your wife were to be delivered by Dr. Elizabeth Wylie, the female specialist in obstetrics and gynaecology, who delivered all six of my children, she would receive $180, $31.50 more than my husband, not because she is a female, but because she has taken additional training, possesses greater expertise and much more experience in obstetrics than either he or I. In short, gentlemen and ladies, there is no sexual discrimination in the fee schedule of the Ontario Medical Association, and through the president of my provincial association, Dr. Manning Mador, I thank my colleagues for this just and equitable recognition.

It's true, the report in the November 23rd issue of *Weekend Magazine* was entirely correct. I do deal with stress, that is, I get relief from it, by scrubbing my kitchen, but that does not mean that I consider it my responsibility or my place, my role, to scrub the kitchen simply because I happen to be a woman, a wife or a mother.

I must tell you that I am not a white Anglo-Saxon, Protestant, racial bigot who hates Chinese. In fact, one of the most exciting, pleasant, and enjoyable trips of my life, one of the experiences that I'm sure I'll remember longest, was to the People's Republic of China with the Canadian Medical Delegation. I found the Chinese in China, the Chinese in Hong Kong and the Chinese Canadians who I meet here in Toronto almost daily, among the most interesting, the most industrious and the most friendly of people. Frankly, the colour of their skin just doesn't matter. Nevertheless, I do not withdraw one step from the issues I raised regarding the first year medical student enrolment at my Alma Mater, the University of Toronto. Notwithstanding the avalanche of letters to the Editors of *The Toronto Star*, *The Globe and Mail*, and *The Varsity*, I maintain that the people of Canada and the people of Ontario have a right to the answers to the three questions I posed.

I would remind you that Canada needs approximately 2,500 newly licensed physicians each year to meet the medical requirements of the Canadian people. It is the position of the Canadian Medical Association that, as a developed country and as a country accepting its responsibilities to its own citizens, Canada should meet its own physician manpower requirements itself. Basically, we believe that it is entirely inappropriate for Canada to create a vacuum through constant underproduction of Canadian medical manpower, which results in the enticement of large numbers of foreign-trained physicians to practise in this country. In many instances the native lands concerned, the Caribbean islands, India, Pakistan, parts of both eastern and western Europe, suffer desperate medical manpower shortage problems far more serious than ours. Such countries cannot afford to lose such highly trained professionals to Canada in terms of either their personnel needs or their economic status. It would, I think, be sufficiently disturbing to acknowledge that such a situation was the result of the accidental juxtaposition of unpredictable national and international developments. It is, therefore, painfully close to a national disgrace to learn that there is evidence that this government policy was knowingly established on the basis of philosophy documented as background material for the 1966 revision of Canada's Immigration Act. For the sake of developing nations, surely we cannot permit this drain of a valuable resource to continue. Indeed there is, I believe, real justification for the point of view that we in Canada have an obligation to produce more physicians than we require ourselves in order to help meet the needs of less fortunate countries.

Furthermore, for the sake of Canada and its citizens, we must surely take serious stock of this policy.

From the flood of supportive mail, it is all too evident that the deliberate strictures on universities and faculties of medicine, inherent in that governmental policy, have been in large part responsible for depriving a significant number of Canadian citizens of the opportunity to study medicine in Canada. I would point out to you that last year our sixteen Canadian medical schools received in excess of three thousand applications for first year medicine from students with the required academic qualifications. From this group we have been able to choose fewer than 1,700 students.

In short, there are more than twelve hundred academically qualified candidates unable to obtain entry to Canada's medical schools every year and a sizable number of that group are Canadian citizens, the children of tax-paying Canadian citizens, who have been denied admission to Canadian medical schools, to some degree at least, in favour of students who are either foreign or of landed immigrant status.

Gentlemen, the statements which I made—that 25% of the first year medical students at the University of Toronto were of Chinese origin, and that the majority of those were from Hong Kong and had been granted landed immigrant status by the Department of Immigration, have been verified in the Legislature of this province by the Minister of University Affairs.

I regret very much my use of the facts regarding Chinese students at the University of Toronto as an example, only because the example has tended to obscure the real issues, and the real issues are the answers to those three questions:

1. Are the admission policies of Canadian medical schools

sufficiently closely related to the needs and the expectations of Canadian society?
2. Do Canadian government immigration policies regarding foreign students impinge in any way upon opportunities for qualified Canadian students?
3. Are all Canadian citizens aware of the proportion of their taxes directed toward the education of Canadian-born and foreign-born university students? Further, if they are aware, do they consider the proportions realistic and desirable?

By raising these questions, I have subjected both the Canadian Medical Association and myself to considerable criticism and a great deal of abuse. By raising the issue again, I am sure I will no doubt stimulate further rhetoric. But the questions are still unanswered and the problems remain unsolved, and that whole area of medical manpower is but one example of the doctor's dilemma—circa, 1975.

Unlike the original author of that titillating title, I cannot present to you with acid wit and perspicacity a scintillating satirical Shavian study of contemporary society. That is beyond my capability. But as a physician, I do want to share with you some of our concerns about some of the problems which confront all of us in this decade.

For most physicians it is an interesting paradox that at a time when our professional potential for valuable human service has reached previously undreamed of pinnacles, the profession is subjected to continuous, carping criticism, in no area more so than that of physician remuneration—money. I, for one, am intrigued, indeed perturbed, with the generally held, usually erroneous, almost always ambivalent, opinions of the public regarding the medical profession and money. When closely questioned, most patients offer the highly personal opinion "My doctor is a great guy, he probably makes a bundle of money, but when I consider the hours and the way he works, the training and experience he needs, the job and responsibility he has to carry, I think he earns every nickel of it."

However, when it comes to the activities of the medical profession in general, we are described, as one singularly undistinguished political opportunist put it, "as a money grubbing, overpaid, demanding cartel—if not a group of rapacious thieves!" He's entitled to his opinion.

However, when a union announces that it needs a 20% or 25% increase, that demand is described as simply keeping pace with inflation. When Dr. Mador indicated a need for a 10% to 15% increase in the profession's fee schedule in this province to maintain pace with inflation, it was described as "yet another OHIP rip-off".

This occurs in spite of the fact that the average Canadian gets considerably more where it really counts, that is in his net disposable income, from a 15% salary raise than a doctor will ever take home from a 15% increase in the schedule of fees. But let's be honest about it. At least a part of this public reaction is the result of very human human nature. The average physician in Canada is well paid for his services and the average citizen of Canada knows that fact extremely well. At present, the doctor's net earnings, after he has paid the cost of his practice, before income tax, are close to $45,000 a year. That medicine is the highest earning profession in this country is widely publicized by government, to some degree naturally since the majority of medical bills are now paid by government. But could I just remind you of a few facts.

1. The average physician has approximately nine years of post high school education.
2. The average physician is approximately twenty-eight or twenty-nine years of age before he begins to produce any major earnings, and his life expectancy and the number of years of earnings are considerably fewer than those of the average Canadian.
3. The average physician is self-employed with all the problems and hazards that that status entails. He has no company-paid-for pension, no sick leave, no insurance

programme, and none of the other normal fringe benefits. He has to pay for those himself.

4. The average Canadian physician carries a very heavy workload and considerable responsibility. A 55-60 hour work week, or even longer, is not the exception, it is the norm. Decisions that have life and death ramifications are not made more easily by physicians than by you, but they do occur more frequently.
5. There are a few scoundrels in our profession—as is the case in any other profession, but in medicine they are the exception. There is no massive medical care insurance rip-off in this country, particularly not in this province. Contrary to so-called common knowledge, government financing of Medicare in Ontario did not result in massive increases in physician's incomes. Well over 90% of the residents of this province had medical care insurance on a voluntary basis before universal government insurance was introduced. The fact is, and I have some figures to prove it, that physicians have not taken advantage of Medicare, either to increase the frequency of their fee revision or to introduce exhorbitant fee schedule increases.

For years it was the practice of the Ontario Medical Association, just as it is the practice of other provincial medical associations, to revise their fee schedules every two years. Here in Ontario the fee schedule increase on April 1st, 1967, was 10%. On the same date in 1969, again 10%. In spite of the Machiavellian nature of its format, federal medical care insurance was introduced to the Province of Ontario on October 1st, 1969. There was no fee increase in 1970. In 1971, heeding the recommendation of the CMA and requests of the ill-fated Prices and Incomes Commission, established in late 1969 by the federal government as a method of confronting and inhibiting the then-present inflationary trends, the Ontario Medical Association fee schedule was increased by only 4.5%, and this amount was applied only to the lower earning groups within the profession, such as family physicians and paediatricians.

You may be interested to know that of all societal groups and professions, the medical profession was the first and one of the few segments of Canadian society which accepted the responsibility urged by the Prices and Incomes Commission and revised their schedules entirely within the suggested PIC guidelines.

There were no increases in either 1972 or 1973, but in 1974 there was an increase of 7.75% which was negotiated with the provincial government. The remainder of that agreement calls for a 4% increase in 1975.

You will note that the figures I mentioned are gross payment increases, not salary or net income increases, which brings me to the point.

With this audience I am sure that there is no need for me to define nor to delineate the obvious differences between gross payments, costs of practice, net income (before income tax) or that most important of all figures, disposable income. You all know very well that the figure that really counts is the one on the lower right hand corner of the balance sheet, the net disposable income.

For Canadian physicians, the route to the net disposable income is a little more stringent than it is for most Canadian citizens. For the average Canadian physician does not enjoy all of the privileges granted to other citizens. The Canadian physician is prohibited by law from incorporating, therefore he must pay income tax on the higher personal income tax rate, never on the lower corporation tax rate. Thus, most physicians in Canada are in the 50% income tax bracket. Official government figures show that in 1972 the average Canadian doctor received about $68,000 in payments from the insuring agencies. After paying the costs of practice, the physician had approximately $41,200 left because the costs of practice are about 40%. However, for many specialties such as radiology, they may be as high as 75% to 80%. When he had paid his income tax, the average Canadian physician in 1972 had approximately $26,800 left in disposable income.

Now, when you read that a physician was paid *x* thousand dollars by OHIP, remember that this is the gross payment, or if the payments from Medicare are going to go up by *y* points, this is *y* per cent of the gross payments. It certainly does not mean that the physician's disposable or even his net income will rise by anything like that amount. Indeed, according to Statistics Canada, over the past six years, the disposable income of the average Canadian, that is the per capita disposable income increase in this country, rose something like this:

In 1969 by 8.7%.
In 1970 by 6.1%.
In 1971 by 10.1%.
In 1972 by 12.2%.
In 1973 by 13.8%.

For the same years, the physician's disposable income increased as follows:

In 1969 by 6.5%, 2% less than the average Canadian.

In 1970 by 6.1%, exactly the same as the average Canadian.

In 1971 by 6.7%, almost 4% less.

In 1972, instead of rising by 12.2% as it did for the average Canadian, the doctor's disposable income increased only by 6.2%.

And for 1973 we anticipate that the increase for the average Canadian physician will be below 6% as compared to a 13.8% rise for the average Canadian.

My reference source, ladies and gentlemen, is the Eleventh Annual Report of the Economic Council of Canada, and my point is not to suggest that physicians are poorly paid, but to state most emphatically that where it really counts, in disposable income, the physician in Canada has not fared nearly as well as the body public has been led to believe, and while we cannot yet produce all of the statistics to prove it, we know that our costs of practice have increased sharply during 1974. Office rents and the costs of medical materials have soared. Added to that, governments have seen fit to increase nursing and other salaries in hospitals by 30% to 40%, and when that happens our staff costs go up right along with them. Many clinics and individual physicians anticipate that the cost of practice in 1974 will exceed 50% of their gross income.

A few weeks ago, Dr. Mador announced that the Ontario Medical Association would ask government to consider re-opening the profession's two-year agreement. I mentioned that during the 1973-1974 negotiation with the provincial government, the profession had agreed to accept a 4% increase in fees in 1975. Dr. Mador announced at that time that if the profession were to keep pace with inflation, it would require an increase of the order of 10% to 15%.

But let me give you a final figure to remember.

For the average Canadian physician to realize a 10% increase in his disposable income during the year 1975, a figure which is less than two-thirds of that predicted for the average Canadian citizen, and which with inflation will probably leave the physician with less real purchasing power, the fee schedule will have to be increased by 14%. I put it to you that no other segment of Canadian society has matched the degree of economic responsibility demonstrated by Canadian doctors. I am a member of the Ontario Medical Association and the medical profession of this country, and I am proud of the economic responsibility that my provincial division and my profession have exhibited in the past decade.

A few weeks ago I called upon the profession to continue to exercise that economic responsibility with respect to its requests for payment schedule revisions from government. The editor of this country's leading commercial medical newspaper flatly stated in an editorial that I would receive no Brownie points from my colleagues for that statement. Perhaps not. I certainly won't receive them from the rednecks, and we have a few of those. But I have no doubt that while continuing to work to ensure that its members are fairly treated by society, my profession will continue to act responsibly in revising its schedules of fees and in its negotiations with its respective governments. Medical fee increases are coming. They are indicated and they are warranted, but they will be economically responsible. There will be no demand for 50% or 60% increases.

With your permission I shall now turn to an even more thorny horn of the doctor's dilemma, the problems of conception control and abortion. During the year 1973, at least 43,000 abortions and probably closer to 50,000, were carried out on Canadian women. In British Columbia, for every four children born, one fetus was aborted.

I hope that those figures will give you reason for pause, for they illustrate the dismal failure of our totally inadequate educational and family planning programmes. In many large Canadian hospitals, the excessive caseload has made the role of the legally-required therapeutic abortion committee well-nigh impossible. Thoughtful and concerned physicians continue to serve on these committees on a voluntary basis because it is the only way in which the needs of their patients, the needs of society, and the demands of the law can be met. They continue to perform a time-consuming, thankless task in the face of widespread criticism and the only slightly veiled threats of legal action against them by the Federal Minister of Justice. Why? Because they recognize that the job must be done—it is a responsibility which has been delegated to the medical profession by society and by the Criminal Code, which the Minister of Justice is responsible for enforcing. The members of therapeutic abortion committees in hospitals are striving to discharge that responsibility to the best of their abilities.

On the other hand, in many parts of Canada, valid, medically indicated therapeutic abortions which are permitted by law are not available in local hospitals, because, for the governing bodies of hospitals, the law is permissive. No hospital is *required* to establish a therapeutic abortion committee. Therefore, there is tremendous variation and marked regional inequitability of the availability of the legislated service.

The medical profession of Canada, the Canadian Medical Association, has publicly accepted its share of the responsibility for the inadequacies of the law related to abortion. The Criminal Code was revised in 1969, largely in keeping with recommendations submitted by the Canadian Medical Association. Within the brief span of eighteen months, however, the drastic change in public attitudes and the rapidly escalating demand for abortions, forced the profession to recognize those inadequacies. We have, and continue to recommend, major changes in the law, but to no avail. The Federal Government has consistently refused the long-promised parliamentary review and the frequently promised parliamentary debate on abortion. In lieu of examining the law for possible revisions, the Minister of Justice, Otto Lang (and I regret that his actions make it impossible for me to use the title Honourable) berates the medical profession and has the unprecedented audacity to usurp the privileges of the courts by providing his personal interpretation of the law. He indicates what, in his opinion, the 1969 parliament intended and directs hospital authorities to adhere to that interpretation. As if that were not enough, the government of which Mr. Lang is a member, has not seen fit to provide either the public or the profession with so much as a ball-park definition of such key terms as the word "health" which are enshrined within the legislation. As a final straw, the Minister threatens hospital therapeutic abortion committees and encourages provincial Attorneys-General to do likewise, simply for doing the best job that they can do with parliament's totally inadequate legislation.

I shall not subject you to further abuse on this subject, other than to say that the Canadian Medical Association has protested this most improper behaviour by the Minister of Justice, to the highest levels in the country.

As with many medical, social and socio-medical problems, the key to the door of solutions is prevention; in this case, prevention of unwanted pregnancies by responsible family planning. It is patently obvious that family planning-conception control programmes in Canada are far from adequate. It is my opinion that the guilt for the impotence of such programmes as we have must be shared by many, including the medical profession of this country. In recent months, however, the Canadian Medical Association has made representations to the federal Department of National Health and Welfare and to its provincial counterparts, calling for a concerted, comprehensive, national family planning programme, encompassing family life education at all levels, widespread dissemination of accurate information, and the provision of accessible and available professional assistance. It is not our suggestion that the federal government has primary responsibility in this area. In fact, the provincial governments, in all probability, should bear a larger degree of the governmental burden, but the people of this country have every right to expect their federal government to provide more leadership in the establishment of family planning programmes than has been evident to this date. The 43,000-plus abortions carried out in Canada in 1973 provide the most damning possible evidence of Canadian public ignorance of, and apathy to, conception control. Ignorance fostered by inadequate and inappropriate education, whether provided by home, school, or church, and by the meagre and inequitably distributed family planning counselling services. The responsibility for this unhappy situation must rest with the federal and provincial departments of health and the medical profession. In my opinion, there has been a gross failure on the part of all three of these bodies to fulfil their obligations to the people of Canada.

We have available to us in 1975 a number of effective methods for control of conception. Oral contraceptives, in spite of the mass media, when treated with the respect merited by any drug, are not only safe, they are, when properly prescribed and properly taken, 100% effective. We suffer, you see, not from the lack of effective weapons, but from a gross neglect of the nurture of intellectual, ethical and emotional awareness of the need for responsible utilization and the development of effective methods of distribution. It is my personal opinion that it will be only through effective programmes of family life education and family planning that we shall be able to create and foster that one truly vital necessity for prevention of unwanted pregnancy, that is a fully developed sense of individual, personal, sexual responsibility in all of our citizens—male as well as female.

The medical profession of this country is concerned that a matter as significant as family planning, one so closely related to medicine and health services, is in fact administered at the federal level by the Department of Welfare. The same holds true with respect to several provinces where, if they exist, family planning programmes fall under the jurisdiction of the departments of welfare or social services. If counselling for rational family planning, if the prescription of oral contraceptives, the insertion of interuterine devices, and the prescription of other contraceptive methods is not a health matter, I ask you, what is?

In the opinion of the Canadian Medical Association, this country desperately needs a comprehensive, national family planning programme, involving all levels and all segments of society with real leadership provided by the federal and provincial governments and by the medical profession. To that end, on November 28th I requested an opportunity to address the federal-provincial Health Minister's conference on this subject when it meets next Tuesday and Wednesday. Yesterday I was informed that the request was denied.

I can only hope that someone who is permitted to attend that august meeting will motivate our Ministers of Health to stimulate government activity to meet this desperate, this shamefully unmet need.

In the problematical area of conception control and abortion, I suggest to you that my profession has been acting in a responsible manner. The major decisions regarding such matters must remain with our elected representatives, with parliament and with provincial legislatures. While I have not had the opportunity to study in depth the Ontario Health Department's recently announced family planning programme, I am delighted to hear that they are taking an initiative. I seriously doubt that the programme will be as extensive as I think it should be, but it certainly would appear to be a step in the right direction. Now, if only we can persuade the other provinces and the federal government to follow suit!

Ladies and gentlemen, I have touched upon only three of the many horns which constitute the dilemma of Canadian doctors in 1975. I have neglected completely such important issues as the maintenance of physician competence in the face of the most rapid medical scientific advance in history; I have neglected the role of physicians in improving our health care system; I have neglected the moral and ethical responsibility of physicians in the burgeoning fields of genetic engineering and organ transplantation, to name only three more.

It is, however, my sincere hope that from the necessarily cursory examination of those areas on which we have spent a little time, you may be more aware of both the breadth of concern and the degree of responsibility which Canadian physicians and their organizations bring to their continuing consideration of the problems of our society and to their labours to improve the present and future human condition.

Ladies and gentlemen, the master word for Canadian physicians is still "work". But I can assure you that it would be impossible for them to follow that Oslerian precept, to survive the stress of difficult dilemmae, were they not deeply embued with, and very highly motivated by, that one vital human emotion which, for more than two thousand years, they have shared with the patients they serve. I mean, of course, that much maligned, often misused, frequently misunderstood, other four-letter Anglo-Saxon word spelled "L-O-V-E".

Dr. Stephenson was thanked on behalf of The Empire Club of Canada by Maj. Gen. Bruce J. Legge, Past President of the Club.

JANUARY 16, 1975

The Incredible Resource Battle

AN ADDRESS BY William O. Twaits,
FORMER CHAIRMAN OF THE BOARD,
IMPERIAL OIL LIMITED

CHAIRMAN The President,
Sir Arthur Chetwynd

SIR ARTHUR CHETWYND:

Honoured guests, ladies and gentlemen: Somebody said to me the other day that "the great energy debate is generating more heat than light, and unfortunately, we can't harness either one to help alleviate the problem!"

Opinions expressed on the subject of resources vary all the way from Buckminster Fuller's "Spaceship Earth" concept, where our small planet is likened to a spacecraft travelling in an endless orbit, consuming itself on its journey until it is burned out, to the other, more optimistic utterances of Herman Kahn, the Hudson Institute "think tank" pundit, who isn't all that worried and has extrapolated that the earth will provide the things we need about as far as anybody can see into the future.

In Canada, the energy factor has put new strains on Confederation and induced very heated relations between some provinces, as well as between the provinces and the federal government. Fundamental questions have been raised, such as, "If the oil of two or three provinces belongs to all of Canada, why doesn't the fish of one province or the timber of another belong to all others in like measure?"

It all reminds us once more that the tenuous, golden thread of Confederation continues to be a political miracle and an economic impossibility—in addition, of course, to being the most glorious challenge a nation could ever hope for to provide the magic to excite men's souls.

Our speaker today, William Osborn Twaits, was born in Galt, Ontario. He graduated from the University of Toronto in 1933 where, apart from his academic excellence, he won the much coveted first "T" in football. He then joined Imperial Oil Limited where he made his mark in successively more responsible assignments until he gained the Presidency in 1960. In 1970 he became Chairman of the Board and Chief Executive Officer of Imperial Oil, a position he held until April 1973, when he was re-elected Chairman. He retired from Imperial Oil in April, 1974.

Mr. Twaits has always had an active interest in higher education and is a member of the governing council of the University of Toronto, as well as being closely associated with several Canadian universities. He holds doctorates from Acadia University and the University of Ottawa. In April of 1974 he was invested as a Companion of the Order of Canada. He is Honorary President of the Canadian Arthritis and Rheumatism Society, a senior member of the Conference Board, Inc., a member of the Conference Board of Canada, and the International Advisory Council of the Stanford Research Institute. He is Honorary Treasurer of the Olympic Trust of Canada.

Mr. Twaits is also a member of the Canadian-American Committee and Chairman of the Executive Committee of the British-North American Committee and a past member of the Economic Council of Canada. He is a director and Vice-President of the Royal Bank of Canada, and also a director of Abitibi Paper Company Ltd.

There is a saying that a businessman is known not only by the "company" he keeps, but by the companies he keeps solvent. Our speaker ranks high by either of these measurements!

A famous U.S. jurist by the name of Louis Brandeis once defined democracy as "the seeking out of the truth in the marketplace of ideas". With all of its pain and controversy, this system is still so loved by most of us that we prefer it over any other system ever contrived or suggested (short of heaven), undoubtedly because it provides the most freedom in a world where oftentimes freedom is the unappreciated luxury of a shrinking minority. And when our system seems quite awful, we comfort ourselves that other systems are worse.

In our own, rough-hewn, democratic way we shall all have a hand in shaping Canada's resources policy. How helpful it is, then, to have as our guest speaker a man of Mr. Twaits' vast experience and high reputation to "help us seek out the truth" in this particularly controversial marketplace of ideas as he speaks to us on "The Incredible Resource Battle".

Ladies and gentlemen, with great pleasure I introduce to you Mr. William O. Twaits.

MR. TWAITS:

Mr. Chairman, ladies and gentlemen: It is an honour, particularly for a pensioner, to appear before this prestigious group which has had such a long and honourable record of public service. It is also a privilege to speak to you, and a group like this on an issue that far transcends the oil industry or the resource industries and in the views of many is the most serious in the country's history, since Confederation.

I should first emphasize that I am *not* an official spokesman for the resource industries or the representative of any company. Rather I am here as a deeply concerned Canadian with a fair amount of background in this subject who finds it impossible to believe that a supposedly mature industrial nation in this late twentieth century could contrive a national debacle with such tragic short- and long-term consequences—consequences which have by no means been fully brought to public attention.

Petroleum industry spokesmen have made a major effort in recent years to inform the public and governments on the realities of the energy outlook. There is simply no excuse for lack of forewarning by knowledgeable people. Indeed this was reflected in the federal government's massive Energy Policy Issues study which came out in several volumes in June, 1973, over eighteen months ago, and whose contents were obviously known to government people before that time. I find it strange, therefore, that seventeen months later, the National Energy Board had to rediscover that Canada's developed supplies of oil and gas would begin to decline in a few years' time, and that new sources must be brought into production.

That 1973 federal government study clearly set forth the needs, the policy requirements and the investment environment if Canada were to develop its enormous energy potential in petroleum, natural gas, uranium, coal, hydro, etc. The study emphasized the mammoth job ahead which would tax to the fullest Canada's resources of capital and of *skilled people.*

At that time, industry planning was in conformity with the federal policy report, in other words, we all recognized the same problems, the same needs. Long-term commitments of capital and people were assigned to the frontier areas by a multitude of companies, in the Arctic and offshore, the tar sands and heavy oils projects, all with vast potential resources. Lead times from exploration or research to commercial development in these areas are a minimum of eight to ten years and involve not only the internal capacities of a particular company, but those of the great infrastructure of contractors, suppliers and transportation systems which are vital to the petroleum industry operation. It must be emphasized that it is not just internal resources in the major oil companies, but rather the long-term mobilization of all these essential services, involving in total some 150,000 to 200,000 people, that must be brought into the long-term planning.

However, at that time investor confidence was high and management morale was buoyant under the stimulus of the technological and financing challenges presented by these developments. The industry well understood that these resources would be much more costly (ignoring any inflation factor) but confident that the long downward trend in petroleum energy prices would be reversed in order to justify the high risks involved. The combination of exploration and market risk was almost beyond management comprehension, but it had to be assumed and it was.

Then, in short order in 1973, two events took place which totally undermined industry planning. Firstly in August, 1973, the Alberta Government suddenly revised the conditions under which the Syncrude partnership had proposed to undertake a billion-dollar tar sands project. The conditions were totally impractical and the partnership, after $60 million of pilot and research work over a sixteen-year period, was at the point of abandonment. Then on September 3, 1973, the second blow fell with the federal government announcement of an export tax on crude oil and a "voluntary" price freeze on petroleum products. This action, of course, set a predictable collision course with the western provinces by limiting the price of crude oil on which their royalty revenue depended, and precipitated the whole question of the division of resource revenues.

In the intervening period, we have seen a series of attacks and counterattacks by provincial and federal governments which has resulted in severe cutbacks of industry investment programmes, collapse of investor confidence, and a deterioration in the morale of skilled people to the extent that some are emigrating from the country. This, of course, is all a matter of record.

But the underlying issues in this battle, in which the resource industries are innocent victims, have not been put before the Canadian public. Nor have the short- and long-term consequences been adequately ventilated. We should realize that what is really at stake here is a resolution of the federal/provincial confrontation over revenue-sharing arrangements which, with inflation, has become increasingly polarized. Revenue-sharing between federal and provincial governments has been a fiscal game since Confederation, executed by power bargaining and without constitutional validation through the Supreme Court of Canada—which is long overdue.

The confrontation is at once simple and complicated. On the one hand we have provincial and municipal governments severely pressed by increasing costs for health care, education and urbanization, and without, in their view, adequate taxing sources. This has led to provincial takeovers of industries to recapture the federal income tax, to oil and mining royalty escalation, and to the formation of provincial Crown companies in many fields of activity.

On the other hand, the federal government income increases rapidly with inflation due to the progressive income tax. Indeed, as every economist knows, inflation constitutes a massive hidden tax on incomes as well as savings. The federal government is painfully aware that the present trend in the fiscal game, including not only provincial resource royalty actions, but the proliferation of provincially-owned companies in every field of business, undermines its whole income structure and its whole basis for the management of fiscal and monetary policies. The contention that "all of the people of Canada" should benefit from the inequitable distribution of mineral and other resources is at best a political euphemism for centralized control of fiscal policy, and hence the ultimatum in Mr. Turner's budgets of last May and November. It should be clear that the blame for this fiasco cannot be laid solely on the federal government—the provinces are equally guilty.

Regardless of how this issue is settled, great damage has already been done. It is difficult to see how we are going to resolve our energy supply problems until our legislators face up to realities. First are the realities of people. We have heard a great deal about governments' needs for revenues; we have heard nothing about the skilled people who produce these revenues. There is today a critical world-wide shortage of skilled earth scientists, engineers, and those disciplines necessary in the energy field. It is generally accepted that the greatest single limitation on resolving the world's energy crisis is the availability of these skilled people. It has been suggested, in very knowledgeable quarters, that energy supplies are so fundamental that compulsory diversion of certain scientists from other industries will have to be undertaken to supplement even a sharply increased university production. Competent management and professional people cannot operate effectively in a climate of career uncertainty or constant bureaucratic interference—as the U.S.S.R. has learned the hard way.

The current resource battle is leaving hundreds of thousands of talented Canadian individuals with increasing feelings of distrust, frustration and anger at being the innocent pawns of intergovernmental controversy. There can be no basis of planning for the urgent expansion of new energy supplies unless skilled people are assured of career opportunities in the private sector without constant bureaucratic harassment and daily changes in the ground rules. The second reality is the great damage that has been inflicted by the current battle on investment planning for new physical facilities. This was initiated with great fanfare by an attack on industry's inventory or "windfall profits". Now every enterprise from the small shopkeeper to the large corporation knows that inventory profits are illusory. Inventories of either raw materials, materials in process, or finished goods, are necessary to operate a business. When replacement costs rise dramatically, as they have in most commodities, the businessman knows that he is in trouble. To finance the new inventory he must raise his prices, thereby increasing his profit, which is taxable, and he finds himself in a vicious circle of trying to finance working capital requirements. Thus we have the spectacle of the same companies who are being blasted for "obscene" inventory profits, borrowing money heavily in the market and through the banking system.

Some prominent economists are now advocating tax relief on such mythical profits as an anti-inflationary measure. This would relieve the pressures on the banking system so badly strained to finance escalating working capital requirements under double-digit inflation. Unfortunately, the preoccupation with mythical inventory profits has obscured a much more serious and important problem. Like most commodities, replacement costs for new energy supplies have been and are continuing to increase sharply. Public discussion continues to be preoccupied with OPEC-inspired* increases in the world price of oil when, in fact, the industry has warned for years that current prices for petroleum were totally inadequate to develop new sources. The current world prices for petroleum are in the $9 to $10 per barrel range at point of shipment, or $11 to $12 per barrel imported into North America. I suggest to you that within a few years, energy for essential heating and transportation purposes will cost at least $20 per barrel expressed in energy equivalent, whether it be in the form of natural gas, oil, tar sands, or coal, and this does not provide for continuing inflation. If you think this is an exaggeration, I would point out to you that the price of electricity, delivered to the lights under which you sit, is equivalent to $21 to $25 per barrel of oil—and yet we live in an area where the cost of electric power is considered to be low.

The trouble is that our sense of values has been totally conditioned by over forty years of declining petroleum prices in a highly competitive market, fostered by what the New Democrats call the "giant oil monopoly". Cheap petroleum has led to the extravagant usage and sheer waste of energy. Here in North America, our annual per-capita consumption of all forms of energy is the equivalent of twenty tons of coal or two thousand gallons of oil—some 50% higher than European per capita consumption, but it may shake you to find out (since energy is parallel to standard of living) that it is 2500% higher than India.

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*OPEC—Organization of Petroleum Exporting Countries.

Now we have to recondition our whole thinking toward the use and care of energy resources. This again was brought out in the federal government's Energy Policy study. Yet in the face of these facts Canada is controlling the price of domestic petroleum to about half world-price levels—thus discouraging new supply and encouraging the continuing wasteful use of our existing resources. We are the only industrialized country in the world to follow that policy. The high replacement costs are not just the function of remote areas or expensive technology, but also reflect escalating construction costs as typified by the problems with the tar sands projects. Even in the U.S., a two-tier pricing system has been in force to provide incentive for new energy supplies and many are now advocating a free market as the only method of encouraging conservation of and more efficient energy use, and also to encourage new production.

I have tried to present the basic issues in this battle without technical complications, which are many, or the peripheral effects, which are widespread. For example, one cannot contemplate the impact on the savings of millions of Canadians who participate in pension plans and life insurance due to the drop in stock market values. However, what the situation demands if we are to maximize future energy supplies in this country is crystal clear.

First, we must have price and tax policies that offer continuing incentive and cash-flow resources to justify the high technological and exploration risks. Second, we must provide assurance to the industry of a stability and a continuity in policies that will permit the necessary long-range planning. In short, we must re-establish credibility of government policy in the eyes of the investor and in the minds of the skilled people who make up the industry. To most Canadians, I know, this would sound like a very reasonable proposition. Indeed, it is what every individual looks for in his own career, whether he works with his hands or as the chief executive of a large corporation.

I suggest to you that we would not be in this mess if the market price system had been allowed to operate. The federal government has quite rightly, in my view, rejected wage and price controls as a means of fighting inflation, because they have not worked in other countries, and in fact have aggravated shortages, and the experience in the U.S. is a good indication. Yet, in petroleum, they have imposed price controls of the severest type and are now in the process of legalizing this through the Petroleum Administration Act, the famous Bill C-32 now in Parliament. Now if price controls won't work in food and other basic commodities, why should they be expected to work in petroleum, particularly when such long lead times are necessary to develop new supplies?

I suggest that this dangerous anomaly is due to the preoccupation of our legislators of all party labels with this myth of excess or windfall profits. Now the industry can defend its profits by many comparisons, and has done so. The facts are there, even though they are being subject to what can only be regarded as deliberate distortion by some politicians. I think the case can be very simply stated to the public. When mortgage interest rates are over 10% and when short-term money market investments will earn at least 9%, without *any risk*, then how can a commercial enterprise, with technological and market risk, be expected to operate with less than a 20% return? Statistics Canada's own data will show that the petroleum industry is far below this level. One of the problems here, with frightening implications, is that most of our legislators do not understand the cost of money.

We have now had a year and a half of utter confusion and we are running out of time. Is there a solution to this impasse and if so what are the possible alternatives? An increasing number of thinking Canadians are concerned that we are witnessing in this country a massive takeover of private investment similar to that which has brought Great Britain to the brink of ruin—perhaps over the brink. The Canadian electorate has consistently rejected state socialism as offered by the NDP at the federal level. Yet in two provinces, under doctrinaire socialist governments, there is a deliberate program to kill private industry (not just petroleum) and take over companies at bargain prices. This is licensed rape of the Canadian saver and an inflationary force of no little significance. In every province, regardless of party label, Crown corporations are invading almost every element of the private sector. The only solution to growing state socialism through the creation of provincial Crown companies is a revision to the Income Tax Act to include all Crown corporations, presently exempt from federal income tax.

In the more fundamental revenue-sharing argument, there are many who advocate that this should be put before the Supreme Court of Canada and decided on constitutional grounds, and we certainly do need new definitions of direct and indirect taxes. But the overall revenue-sharing problem may take years to resolve through the courts, and we cannot afford to wait.

Others feel that a First Ministers' Conference can, if properly structured, produce an effective and lasting solution, despite the debacle of a year ago. There seems to be little political recognition of the urgency of bringing all parties to the bargaining table.

Mr. Chairman, I learned long ago that even the most lucid and logical speeches by businessmen do not command any attention in Hansard or its equivalent in our provincial Houses. I am encouraged that major elements of the media are now recognizing the implications of the resource battle with respect to future energy supplies. But this is only the tip of the iceberg. The truth is that every Canadian, regardless of his location or vocation, has a stake in this controversy and he is simply not being represented at the public-policy bargaining table. We seem to be living in an age of what might be called "manipulated issues", which is leading to a widespread disenchantment with the political process in general, and big government in particular, as evidenced by the recent 28% of eligible voters who turned out in the Metro municipal elections. Many Canadians, by default, are allowing an activist minority to select their governing bodies, and by consequence, their government policies. It is high time that Canadians should react to the real issues in this incredible resource battle as they have so violently reacted to the comparatively minor proposal to increase M.P.'s salaries. The freedom to save and invest as you choose is the foundation of democracy. State socialism (and you can look at history around the world) eliminates that choice first, and ultimately it eliminates the freedom of speech, the freedom of the press, and the freedom of the labour movement.

If you don't like this scenario, you should be talking not just to your M.P. but also to your M.P.P. regardless of party, because this is not just a federal problem. Thank you very much.

Mr. Twaits was thanked on behalf of The Empire Club of Canada by Mr. Sydney Hermant, Past President of the Club.

JANUARY 23, 1975

The Learning Materials Crisis in our Schools

AN ADDRESS BY Dr. M. O. Edwardh,
PRESIDENT,
GAGE EDUCATIONAL PUBLISHING LIMITED

CHAIRMAN The President,
Sir Arthur Chetwynd

SIR ARTHUR CHETWYND:

Distinguished guests, ladies and gentlemen: Those of you present today who also attended last Thursday's meeting will remember that the subject of our guest speaker was "The Incredible Resource Battle".

The term "battle" suggests to us that one or more persons or ideas are locked in a struggle of some sort. As we heard last week, on the matter of world energy resources the "battle" is indeed joined.

As I closed the meeting last week I reminded you that our speaker today, Dr Melvin Edwardh, would be addressing us on the subject of "The Learning Materials Crisis in our Schools".

The word "crisis" has a different meaning. The dictionary says "a turning point or decisive moment", "a time of acute danger or suspense". Perhaps we might agree that if a crisis is not tackled and resolved satisfactorily we may soon have a "battle" on our hands!

Dr. Edwardh's speech should be of vital concern to all Canadians now and in the future. If we are to maintain any distinctive Canadian style and personality, the future of our children and our children's children will be a direct reflection of what and how we teach them now and in the future.

I hope that we agree that all Canadians during their formative years should be exposed to, and learn as much about our country, its history, its way of life, as they learn about other countries and other philosophies.

There are many types of learning materials, some of which I am quite familiar with as a producer of motion pictures. Nevertheless the basic learning material is usually acknowledged to be the written word, and I am the first to admit that a good film begins with a good script—the written word.

The written word in the educational context usually involves books—perhaps the most basic, economical and ubiquitous of the learning materials. *Good* books, that is—there is no worse robber than a bad book.

I venture to say that in the *highest civilization*, the book is still the *highest delight*. Our speaker is of that community which believes that it is a part of Canada's pride and destiny to publish a share of the world's books which, down the corridors of time, will speak of Canada and its role in the community of nations.

Books and other aids make education a way of life regardless of age—not something to be endured, but something to be savoured. Books are part of that saying that "reading maketh a full man, conference a ready man, and writing an exact man." They are a part of that education which makes people easy to lead, but difficult to drive; easy to govern, but impossible to enslave.

Sometimes they lead us, as witness the writings of Jules Verne, H. G. Wells and Rudyard Kipling. Sometimes, alas, they lag, as witness the embarrassment that overtook one Dr. Lardner in London in 1836. He published a pamphlet in which he proved conclusively that a steamboat could not cross the ocean. The book came to this continent on the first steamboat that crossed the Atlantic.

Dr. Edwardh was born in the U.S.A. in the state of Minnesota. He is a first generation Canadian, as I am. Either he or his parents decided to go north as well as west!

He received his formal education in Canada's western province of opportunity, Alberta, gaining bachelor and master degrees in Education at the University of Alberta. He came up through the ranks in the teaching profession, in that province—from principal to Superintendent of Schools, to Director of Curriculum. He received his doctorate from the University of Colorado in 1961. He has been with his present company since 1950, rising through successively more responsible appointments until he became president of Gage Educational Publishing Limited in January, 1971.

A man named Kingsley once said "except a living man there is nothing more wonderful than a book." We bring you today a living man, who among other things will speak to us on the second most wonderful thing—books. I have great pleasure in introducing to you, speaking on the subject of "The Learning Materials Crisis in our Schools", Dr. Melvin O. Edwardh.

DR. EDWARDH:

Mr. President, head table guests, members of the Empire Club, ladies and gentlemen: I appreciate the opportunity to share with you some of the concerns of the educational publishing industry which I have called "The Learning Materials Crisis in our Schools", for I know the members of the Empire Club have a special sensitivity to our cultural heritage and our uniqueness as Canadians. May I have the indulgence of my fellow publishers who are involved in the problems of developing educational material. I am aware that in this setting they can be a most critical audience.

I shall review briefly the history of the sources of educational materials which have been used in our schools, and shall comment on the significant educational changes in the

1960's which led to the dramatic drop in expenditures for educational materials in the '70's. In addition, I shall explore what this crisis means to our students, to the quality of education in the schools of our nation, and to the publishing industry. I shall postulate possible steps which can alleviate what is rapidly becoming a tragic situation.

Our history records many crises and struggles as we moved toward nationhood and sought to define our identity. Much of our heritage we have borrowed from Britain; many of our practices and much of our technology have come from our powerful neighbour to the south; but we Canadians reserved the right to modify, to change and to initiate our own responses to a need.

The influence of both Britain and the United States are clearly discernible in the development of our educational systems and in the materials used in our classrooms. In his book, *The Development of Education in Canada*, C. E. Phillips describes the situation as follows: "In the early 1800's American textbooks were a cause for worry in all provinces, for Bishop Strachan considered American textbooks unique in expressing hostility to the institutions and even governments of other countries—especially to those of Great Britain. There were other educators who felt American textbooks were better suited to the needs and the mood of our country. In the third quarter of the nineteenth century all of these problems were greatly reduced, for Canadian schools and colleges had improved. Adaptations of English books, and an increasing number of textbooks of Canadian authorship were printed in Canada".[1]

Although at this time Irish national readers and other English materials were favoured by the educational leaders, the proximity to the United States, the ease of the exchange of ideas, and the frequent intervisitation, resulted in Canada having a similar pedagogical approach to learning. We continued to import some foreign books, to Canadianize others, and to publish our own materials, but during these years we did not have the resources to create all of the learning materials required.

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[1] C. E. Phillips: *The Development of Education in Canada*, (Toronto: W. J. Gage Limited, 1957), p. 354.

Through the decades that followed, we continued borrowing and creating, but as our economy in the early twentieth century became more closely tied to the United States we found that in the 1930's and 1940's that it was American textbooks that we Canadianized and imported in great numbers. Through this period the selection of materials for use in the classrooms was highly centralized in Departments of Education, for the B.N.A. Act had made education a provincial responsibility. In Ontario, curriculum guides were prepared by the Department of Education and material deemed appropriate was selected by the same department officials and their advisory committees. The teacher followed the curriculum and used textbooks selected from the authorized list which was known as Circular 14. The Canadian publisher frequently took American textbooks to these officials and asked what changes needed to be made to make them suitable for Canada. Obviously, this process was well suited to the limited financial resources of the Canadian publisher. How much easier it was to follow this practice than to invest money in developing new Canadian programmes.

In the 1950's our Department of Education which is now called the Ministry of Education, announced that all authorized materials on Circular 14 would be Canadian authored and produced in Canada. This was a far-reaching decision and a challenge to Canadian publishers to create Canadian materials. Although in the beginning there was some stumbling and inefficiency, the publishers met the challenge.

The 1960's ushered in the "golden age" for education and for educational publishing. More schools, colleges and universities were built than at any other time in our history. Not only did the population boom provide students in ever increasing numbers to attend these institutions, but far greater numbers of students stayed to complete courses than ever before.

The academic and pedagogical qualifications of teachers improved steadily and their salaries increased in recognition of their professional competence. Multi-media equipment and the accompanying software became plentiful, school libraries expanded rapidly. The public was quite prepared to spend the necessary provincial and local tax money to provide quality educational services. These factors provided a strong impetus to Canadian publishing and a great number of indigenous publications were made available. Perhaps of greater significance to the children of Canada was the fact that they now had Canadian programmes developed by our own writers, reflecting our own thoughts and values. At the same time, the publishers had used their resources to build competent editorial staffs, to give work and encouragement to designers and artists, and to bring the necessary scholarship and authors from all parts of Canada.

Publishing flourished, aided by an authorized list which was limited and by a specific per pupil dollar grant for textual material.

This tremendous outpouring of energy and resources brought many changes to our educational system, frequently expressed through Royal Commissions, in Ontario's case, the Hall-Dennis Report. These changes are reflected in the Ministry of Education's Circular H.S.I., which states "The primary purpose of a school is to help each student develop to the maximum his potential as an individual and as a member of society." To meet these purposes a credit system was developed to give the student many choices within the curriculum offerings. Diversification became the by-word of the day. Hundreds of new courses came into being, and the number of students taking each course dwindled. The publisher was now faced with the problem of supplying a much greater variety of materials to a much more limited number of students. Not only were investment costs to keep abreast of such developments tremendous, but the smaller number of each title sold meant higher unit costs.

Questions were asked. "How can a central authority help students to develop to the maximum their potential? Is it not better to have the school system and the school, which are closer to the student, design the educational process?". Thus guidelines for decentralization were initiated to give local districts responsibility for developing curriculum and providing the resources to implement the new objectives. Decentralization also gave the teachers new responsibilities in keeping with their professional competence. Responsibility for educational experiences was decentralized but the provincial government retained control of the money and imposed ceilings on expenditures. Decentralization is in keeping with our best democratic traditions, but the responsibility to provide financial resources to implement the many changes causes stresses at the local level. The restrictions have been sufficient to make it most difficult to provide the materials and services that are required. We are all aware that if educational expenditures continue to increase at the same rate in the 70's as they did in the 60's the government would face either severe financial difficulties or the curtailment of other essential services.

Let me share with you what this financial restraint has meant to expenditures for educational materials:

TABLE I—1966

Expenditure, Public Day Schools—Supplies

	Elementary	Secondary	Total
Text	12,631,546	4,051,853	16,683,399
Library	4,263,058	2,377,083	6,640,141
	16,894,604	6,428,936	23,323,540
No. of pupils	1,276,962	412,573	1,689,535
$/Pupil	13.23	15.58	13.80

TABLE II—1967

Expenditure, Public Day Schools—Supplies

	Elementary	Secondary	Total
Text	12,765,276	4,371,549	17,136,825
Library	4,307,624	2,457,637	6,765,261
	17,072,900	6,829,186	23,902,086
No. of Pupils	1,314,377	453,393	1,767,770
$/Pupil	12.99	15.06	13.52

TABLE III

Expendiutre—Textbooks and Reference Books (30502), Library Books (56505). Sample of 17 Boards*.

	1972	1973
Expenditure	11,288,011	10,252,998
No. of Pupils	929,923	925,537
S/Pupil	12.14	11.08

*Ministry of Education Report (excluding Niagara South, Ottawa)

TABLE IV

Inflation Indicators (1966 = 100)

	Consumer Price Index	Ontario Average Wage	Publishing Index*
1966	100.0	100.0	100.0
1969	112.7	122.2	119.9
1971	119.7	143.8	133.5
1972	125.5	155.8	142.8

*Royal Commission Report

TABLE V

Expenditure per Pupil for Classroom & Library Books as a Percentage of Total per Pupil Expenditure.

	Actual Dollars	1966 Dollar Value	% of Total
1966	$13.80	$13.80	2.7
1967	13.52	12.96	2.3
1972	12.14	8.50	1.3
1973	11.08*	7.19	1.1

*to equal 1966 level, expenditure should have been $17.08

The average total per-pupil expenditure has nearly doubled from $517 to $1,000 while the actual expenditure on educational materials has decreased. If we consider the increased cost of materials, the number of new books being made available has decreased substantially.

In 1966, 2.7% of the budget was needed for materials. If we were spending in the same proportion we woud spend $22.30 and $38.49 for elementary and secondary students respectively, which would be an average per pupil expenditure of $27.00 rather than the $11.08 which is being spent. At the present time, we are actually spending 1.1% of the budget on materials.

What does the curtailment of materials mean to the quality of instruction? The teachers stand paramount in the educational process. The role has changed, for not only must they disseminate information, they must inspire and establish respect for scholarship. They must foster enquiry and critical evaluation, and explore the values and attitudes of our society. To enable them to do this, they must have available to them the second most important ingredient in the educational experience of students—high quality, up-to-date sources of information.

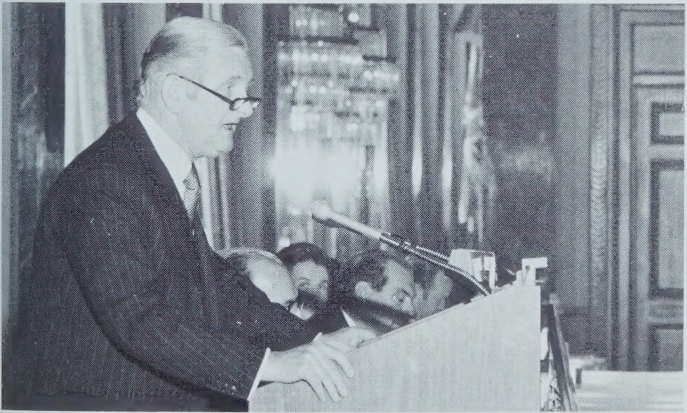
The flow of new materials has decreased at a time when the rate of change in our country is accelerating. Let us consider a few of the changes in values which are taking place. Our attitude towards native peoples must be transformed, the stereotype must be broken. Books with the words “squaw” and “savage” must be eliminated. The attitude toward the role of women has changed substantially. They can be other than mothers and homemakers. We need materials which reject stereotyping of races, of women, and of men. Recently a clipping from a magazine article was placed on my desk. A portion of it had been underlined by an editor: “Last year Root became the first person to fly over 19,500 foot Mt. Kilimanjaro in a balloon. He and his wife embarked on the Kenya side of the mountain.” The editor’s comment was “One wonders what his wife is, if she is not a person.”

Consumerism, legal rights of people, our developing north, are aspects of today which are not included in many of the materials being used. I deplore the teaching of urbanization and its problems with films and film strips showing a Toronto and a Vancouver of ten years ago.

To keep abreast of developments and the flow of information, university texts must be revised every two or three years. Let me vent a special peeve of mine. Can we expect our elementary and high school students to be interested in and stimulated by outmoded materials which are five or seven years old, frayed and worn by use, and held together by tape? I was in a school not long ago where one of the science series being used was written before man landed on the moon. Can we expect a positive reaction to outdated information from the television generations we are now educating? In the last five years there has emerged a new emphasis on Canada, her people, her achievements and her struggles. How can the students participate in this emerging quest if materials are not available to them which reflect our way of life?

Canada is going metric. Quantification in new units of measurement is difficult. The cost of the replacement of mathematics texts with those which are metricated would take most of the per-pupil expenditure on texts for one year. The replacement cost of science materials, maps and

October 3, 1974
DR. RANDALL E. IVANY
Ombudsman for the Province of Alberta
"The Citizen's Protection Against Bureaucracy"



October 10, 1974
SIR JOHN JOHNSTON, K.C.M.G., K.C.V.O.
British High Commissioner in Canada
"Journey to Canada"

October 21, 1974

J.K. JAMIESON

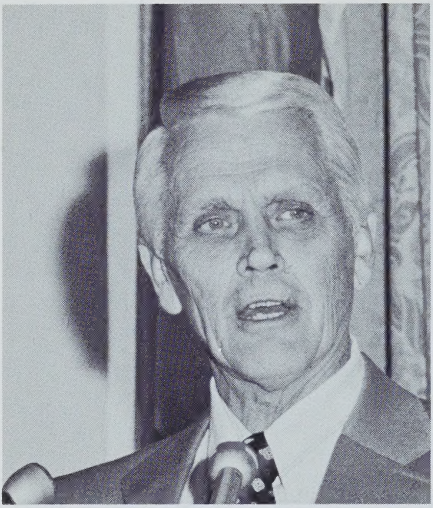
Chairman of the Board, Exxon Corporation

"International Co-operation:

Common Action for Common Problems"

October 24, 1974
WARD CORNELL
Agent General for the
Government of
Ontario in the
United Kingdom
*"Abroad Thoughts
from at Home"*

October 31, 1974
The Honourable Marc Lalonde
Minister of National Health and Welfare
"Social Security in Canada — the Challenge Ahead"



November 7, 1974
John E. Moles
General Manager,
Royal Agricultural
Winter Fair
"There's No Such Thing as a Free Lunch"

November 14, 1974
Arnold Edinborough
President, Council for Business and the Arts in Canada
"The High Cost of Leisure"

November 21, 1974
ROBERT W. BONNER, Q.C.
Former Chairman of the Board, MacMillan Bloedel Limited
"Facing Up to 1975"

November 28, 1974
THE HONOURABLE CLAUDE WAGNER
Member of Parliament for St. Hyacinthe, Quebec
"Can Government Do the Job?"

December 5, 1974
DR. DAVID CARLTON WILLIAMS
President and Vice-Chancellor, University of Western Ontario
"The Current Crisis in the Universities"

December 12, 1974
HIS EXCELLENCY, SIR EDWIN LEATHER, K.C.M.G.
Governor of Bermuda
"Bermuda Calling"
With Sir Arthur Chetwynd, Rt. Hon. Roland Michener and Hon. John Robarts

December 19, 1974
THE CHRISTMAS LUNCHEON
The Traditional Parade of the Flaming Pudding

December 19, 1974
THE CHRISTMAS LUNCHEON
The Club's Honorary Vice-President, The Honourable Pauline McGibbon, O.C., B.A., LL.D., D.U. (OTT.), Lieutenant Governor of the Province of Ontario, brings a Christmas message on behalf of Her Majesty, Queen Elizabeth, to members and guests.

December 19, 1974

THE CHRISTMAS LUNCHEON

A special presentation to Dr. Charles Peaker by the Lieutenant Governor.

December 19, 1974

THE CHRISTMAS LUNCHEON

Dr. Peaker leads the Choir of St. Paul's Church.

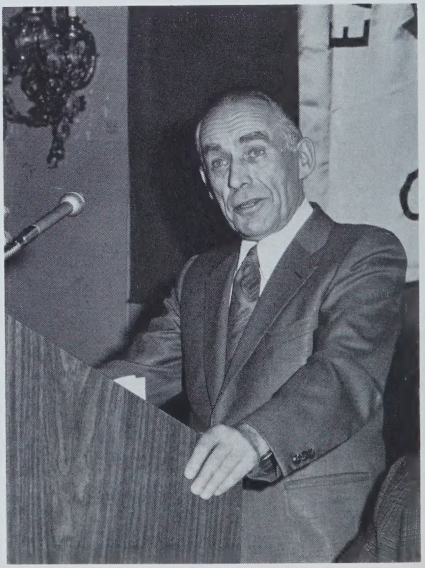
January 9, 1975

DR. BETTE STEPHENSON

President, Canadian Medical Association

"The Doctor's Dilemma — Circa 1975"

January 16, 1975
WILLIAM O. TWAITS
Former Chairman of the Board,
Imperial Oil Limited
"The Incredible Resource Battle"



January 23, 1975
DR. M.O. EDWARDH
President,
Gage Educational Publishing Limited
"The Learning Materials Crisis in our Schools"

globes demanded by our changing to the metric system requires a far greater rate of investment in new materials than it has been possible to make during the last few years. Certainly there are new materials finding their way into our classrooms but the number is ever decreasing. Each year the discrepancy will grow between what is necessary and relevant and what we have.

Earlier, I mentioned the "golden age" of publishing at which time the publisher had resources to develop programmes to work with and nurture Canadian authors, designers and a growing graphic arts industry. Publishing is a capital intensive industry, the risk is great. To develop a new reading programme for grades 1-6 will involve an expenditure of $500,000. A new mathematics and science programme will each need an investment of $250,000. How can the publishers meet their responsibilities if they know the buying pattern in Ontario of the most successful programme will not return the investment? Which Canadian publisher can persuade an author to spend up to five years of his free time researching and writing if the schools will not purchase a sufficient quantity to afford at least some recognition of his contribution. How much longer can publishers keep competent editors, designers and artists waiting in the back room for projects which should be produced but will not be. If these conditions prevail the flow of educational Canadiana will dry up. We will be forced to purchase more, not less, of foreign materials.

I have tried to express a real concern for the supply of educational materials to maintain the vitality of our educational effort. I have also suggested the impossible position in which the publishers are placed if they are to respond to the educational needs of Ontario. Those who do not represent strong foreign agencies cannot survive as publishers in the present milieu. They will have no choice but to withdraw from educational publishing. As concerned citizens we must not let this happen. We must ask the question "What can be done?".

One of the educational trends mentioned earlier was decentralization, which has changed the power structure in education. Although financial control is vested with the provincial government, important decisions are made at the local level pertaining to the courses offered, the content in them and the materials to be used. We must remember that the process of decentralization envisioned by our government reaches beyond the school board, its educational officers, the principal and the teachers to you, the citizen. For one of the assumptions of decentralization is that the closer that decision-making is to the grass roots the more valid it will be. The assumption is only correct if we make our experience felt and our wishes known.

I believe we must assess critically and carefully our use of resources in education. We must establish our priorities. As tax payers, as parents and as citizens we must work with teachers and administrators to assure ourselves that the educational materials used by the students are excellent, that they are up-to-date, relevant, interesting, and that they reflect the best scholarship we can provide. How many of you are aware of the date of publication of materials our students are using? I find cold comfort from a report of the December election that all but 17% of the Metro school trustees were elected by acclamation.

The amount of money to make relevant educational materials available and educational publishing viable would represent only an additional expenditure of approximately one percent. Surely as our capital expenditures decrease and the debentures from the 50's and 60's are redeemed we can reorder our priorities to provide for this expenditure.

I believe a good textbook is a fine example of excellent, non-fiction writing. I have often asked myself why the media do not consider the materials used by the students important enough to review, for these are part of the students' experience in the formative years, when values are formed and when tastes are developed. Is it because of the traditions involved in book reviewing or is it because they believe we are not interested or that people do not care.

A special industry-government committee has been meeting for the past year and is considering a plan which, I feel, offers real hope to the industry and avoids the age-old problem of government hand-outs and subsidies. It is a recycling plan. A sum of money would be set aside by the Department of Education and school boards would be permitted to return outdated and outmoded educational materials for credit. The credit would enable them to buy new materials for our classrooms. I believe the possibilities of this suggestion should be explored fully.

Let me recall for you the words of O. J. Firestone, in *Industry and Education*, when he reminds us that "while Canada is a nation with bountiful natural resources, the key to rapid Canadian economic progress was the human factor, the skills of the people, their initiative, enterprise and creativeness. Although we owe a debt to other nations for their technical and scientific knowledge, in the end we had to educate and train our young people".[2]

Ladies and gentlemen, I am proud to be a publisher, to be part of this vital industry. We have produced much which is excellent and which presents the various aspects of our people and our nation. We will continue to make Canadian thought, feeling and identity known to the students in our classrooms with reasonable support from the institutions which we serve. The challenge is clear and time is short. We must seek ways, not only to maintain but also to improve the quality of education in Canada.

Mr. Edwardh was thanked on behalf of The Empire Club of Canada by Mr. Duncan Green, a Director of the Club.

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[2] O. J. Firestone: *A Century of Canadian Development*, (Ottawa: University of Ottawa Press, 1969).

JANUARY 30, 1975

Bill 22: Must Economic Growth be Achieved at the Expense of Cultural Development?

AN ADDRESS BY The Honourable Guy Saint-Pierre,
MINISTER OF INDUSTRY AND COMMERCE,
PROVINCE OF QUEBEC

CHAIRMAN The President,
Sir Arthur Chetwynd

SIR ARTHUR CHETWYND:

I am known in some circles as a man who quite often jumps in where angels fear to tread—perhaps in the context of trying to use my fractured French it would be more appropriate to say—"where Anglos fear to tread!" Nevertheless I know you would not want me to spoil my record or spare your eager ears from at least a short burst of my linguistic brilliance in the French language—I use the word "French" instead of saying "Canada's other language" purposefully just in case my rendition of such a beautiful language as French might confuse you! So—one more time!

Son Excellence, Révérend Père, chers invités, mesdames et messieurs: C'est toujours un plaisir de souhaiter la bienvenue à un orateur invité au Club de l'Empire du Canada. Aujourd'hui, c'est la deuxième visite de notre orateur invité. C'est donc pour moi un plaisir tout particulier, Monsieur le Ministre, de vous souhaiter la bienvenue parmi nous aujourd'hui.

It is certainly well known that over the years The Empire Club of Canada has been one of the most prominent, if not *the* most prominent, repository in Canada of the Anglo-Saxon culture and ethic. This is "deposited" in our Yearbook each year, which goes to close to four thousand schools, libraries, colleges and universities. Whatever is said here is on the record, with no bias one way or the other. We are pleased to provide a forum for this purpose. This makes it all the more pleasurable, each year, to invite to our platform leading Canadians, who are interested in presenting the point of view of Canada's other main founding culture.

Over the seventy-two year history of The Empire Club of Canada we have welcomed many prominent speakers from la belle province—speakers representing business, the arts, medicine, the media, the humanities, and of course politics. Within the last three years we have been privileged to hear from such distinguished people as the Right Honourable Pierre Trudeau, the Honourable Robert Bourassa, His Eminence, Paul-Emile, Cardinal Léger, Dr. Gustave Gingras, the Honourable Réal Caouette and Mr. Claude Ryan. To date this season I have had the honour of introducing the Honourable Marc Lalonde from the federal cabinet, and Mr. Claude Wagner, the Honourable Member for St. Hyacinthe.

Our speaker today is our third visitor this year whose first language is French. Less than a year ago the Honourable Guy Saint-Pierre as Minister of Industry and Commerce for Quebec spoke to The Empire Club of Canada in this same room. His subject at that time was "Quebec is alive and well in Canada". Today we are more than pleased to welcome him again, representing the same ministry, and in the same capacity as a year ago. Today, however, he brings us a new message.

Those who have attended our meetings regularly this year will be conscious of the fact that the titles of many of our speeches have included such words as "crisis", "struggle", "battle". I think those are all known as "impact" words. We appreciate the fact that Mr. Saint-Pierre in describing his subject uses the relatively mild adjective "controversial". There are many Canadians who might employ stronger words in describing Bill 22. At any rate, I believe it is safe to say that Quebec's new language bill has left many people confused both inside Quebec and without. This makes it particularly timely and useful to receive Mr. Saint-Pierre's message today.

Canadian Confederation has often been described as an economic impossibility and a political miracle. Central to the concerns and tensions in Confederation have always been the matters of language and culture, hardly unexpected in a nation with two founding races, not to mention the fact that we have had a continual smaller infusion of peoples from other races over the years. We are fortunate that we live in a country where we can still enjoy the sublime luxury of discussing such matters with reason and good will.

Today the Honourable Guy Saint-Pierre is accompanied by members of La Régie de la Langue Française under whom Bill 22, the "controversial" Quebec language policy legislation, will be interpreted and carried out. We welcome the Minister and the members of the Quebec Language Board to our meeting.

On this note I would remind you that club members and their guests and the press are invited to meet with the Minister and his delegation for an informal discussion from 2 to 3 p.m. in Room A to my right, when your questions on this legislation could perhaps be answered more specifically.

Mr. Saint-Pierre is the son of an American mother and a Canadian father. He was educated at Victoriaville College, and in 1957 received a degree of Bachelor of Applied Science in Civil Engineering from Laval University. He was awarded an Athlone Fellowship to the Imperial College of Science and Technology in London, England, and in 1959 he received his Master's Degree in Engineering from the University of London. He held a commission in the Corps of Royal Canadian Engineers from 1953 to 1964.

In 1964 he became Registrar of the Corporation of Engineers of Quebec, and in 1967 joined Acres Quebec Limited as Vice-President. He has resided in the Atlantic Provinces and in the west, as well as in Quebec. He was elected to Quebec's National Assembly in April, 1970 as member for Verchères and in May of that year was appointed Minister of Education. In 1972 he was appointed to his present portfolio as Minister of Industry and Commerce, where he has not only taken hold at home, but has also travelled extensively, spreading the gospel to help assure the industrial progress and growth of his province.

He is one of that minority group, a businessman in politics—a very pragmatic one—who must relish challenge, when one thinks of his many "publics" and the firmly-based pressures which must press upon his office from all sides. Compared to similar jobs of his compatriots in other provinces, their situations must some days seem to our guest to be a piece of cake—une pièce de gateau!

I have much pleasure in introducing a man I consider to be a great young Canadian, the Minister of the Quebec Department of Industry and Commerce speaking to us on the question: "Bill 22—must economic growth be achieved at the expense of cultural development?"

Il me fait grande plaisir de souhaiter le bienvenue à ce Canadien distingué, à cette réunion aujourd'hui dans la ville rein. Mesdames et messieurs, l'Honorable Guy Sainte-Pierre, le Ministre de la Industrie et Commerce du Québec.

The Honourable Guy Saint-Pierre.

MR. SAINT-PIERRE:

Mr. Chairman, distinguished guests, dear friends: C'est avec plaisir que je me retrouve aujourd'hui à votre table devant un groupe aussi select et receptif de personnalités de la région de Toronto pour continuer un dialogue déjà amorcé il y a deux ans dans cette chambre et poursuivre l'enonce de certaines opinions sur la réalite canadienne, ontarienne et quebecoise d'aujourd'hui.

Permettez-moi tout d'abord de vous offrir mes meilleurs voeux pour l'année qui commence et en particulier de vous souhaiter un progrès économique soutenu en 1975 en dépit des secousses de l'économie mondiale et notamment de l'économie americaine qui nous permettent peu de certitudes pour la nouvelle année.

Before going on into my speech, I think I would be remiss if I did not express my sincere thankfulness not only to members of your club who have invited me, but also for the good co-operation we have received from the Government of Ontario and particularly from Mr. Claude Bennett, Minister of Industry. I think it has been a very easy job for our man in Toronto, since he has received so much co-operation not only from the government circles but also from private circles in Toronto, in trying to portray to you, close to home, what is Quebec exactly today.

With you today, I would like to discuss the policies of the Quebec Government concerning the French language, especially as they may relate to economic progress and the everyday conduct of business. The Quebec Official Language Act, more commonly referred to as Bill 22, has raised many questions and much debate, despite a long and open discussion leading to its adoption on July 31st, 1974. Because of this, and the vital significance attached to this question by our government and the majority of Quebecers, I gladly accept this opportunity to promote a fuller understanding and support of our priorities.

I recognize that I cannot hope to touch upon all those areas with which you may be personally concerned. It is for that reason that your president has kindly arranged to set aside a bit of time at the conclusion of this meeting for an informal discussion period. I am also very interested to hear your thoughts on today's subject.

I believe we are all well aware of the economic uncertainty that prevails in many parts of the world. There is no denying that this uncertainty raises special questions. And for this reason some people are saying, "What we do *not* need at this time is an experiment in cultural realignment." These people are referring of course to the Official Language Act, Bill 22, and are asking the question "Why now?" My answer to this is, "Must economic growth be achieved at the expense of cultural development?" Let me say at this point, that Bill 22 is not an experiment, nor for that matter, the name of a new Pope!

In fact, it is the result of a vital cultural concern, deeply rooted in the nearly four hundred-year-old tradition of Quebec, for the maintenance of its linguistic heritage, a basic component of its essential character sustained to the present day through great sacrifice and hardship.

Bill 22 has been extensively discussed. As a minister in the Government of Quebec, I suspect that I have read more than my share of articles written about it. It appears to have provided some journalists and editors with a kind of lifelong mission on both sides of the fence, both on the French and on the English side. Yet, Bill 22 is still largely misunderstood. Many references to it have been taken out of context, many interpretations of it have been those that individuals wished to read into it, but the simple fact is that Bill 22 has probably been much more widely accepted both from the French and the English sides than many would care to believe.

Before going further into Bill 22, let us recognize an inescapable fact of our western society, the fact that cultural and social development must indeed go hand in hand with economic growth and welfare. To have one, we must also have the other. A progressive economic program in Quebec must be paralleled by a progressive cultural development, despite its difficulties and its challenge.

The year 1974 has been, for Quebec as for Ontario, a year rich in terms of economic progress, despite a number of weaknesses which we have no wish to disguise. On the positive side, such economic indicators as personal per capita revenue, total new investment, factory shipments, have all recorded near-record gains. We have been able to create 74,000 new jobs and, most encouraging for our future, manufacturing investment increased 44% compared to 1973 and compared to a national average of 37%. In brief, Quebec was able to maintain an above-average advance in 1974 and is working very hard to keep this momentum in 1975.

Despite these achievements there are still regional disparities. For the sake of national unity they must be corrected. It is equally obvious that our economic growth must be accelerated.

To do this means we had to establish priorities. We had to draft policies, pass laws and initiate a sense of urgency. In brief, here's what happened. We have tried very hard, and I believe successfully, to maintain a reasonable taxing policy.

—We have developed and emphasized training programmes in fields where the greatest potential for the future lies.

—We have put forward programmes to develop management expertise among our people, and while we acknowledge that in this area we have not been as successful as the Province of Ontario, we have seen nevertheless our pool of talented industrial specialists grow dramatically.

—We have offered fiscal aid, and also cash incentives and low interest subsidies in cases where economic priorities dictated so.

—We have developed and put into action certain paragovernmental organizations such as the Quebec Industrial Development Corporation. This corporation makes loans available at reduced interest rates, takes equity positions in companies and guarantees loans, as the need arises.

—Further, we have identified certain industrial sectors that have traditionally been ignored by Canadian industry—areas such as basic metals and steel fabricating, and we have moved into these areas in a number of ways. As a result of our investments, the picture in 1974 was very encouraging in a number of areas where Quebec, traditionally, had to be satisfied to receive barely 10 to 15% of total Canadian investments. I have in mind the chemical industry as an example, where in '74 we got 35% of the total of Canadian investment. In other sectors, machinery and primary metal, there were substantial improvements too. In other areas, too, because the private sector was not moving fast enough in recent years we had to go ahead, as for example in the creation of a steel complex by a government-owned company, "Sidbec-Dosco."

I don't think it is necessary at this time to go into detail in every area into which the Quebec government moved. Suffice it to say that we believed there were areas which were under-stimulated by federal programmes and were largely ignored by Canadian industry. It is into these sectors of the economy that Quebec did move, and with limited financial resources we have significantly accelerated our economic pace.

The results?

Our standard of living of course has been enhanced. Our cities have grown and prospered. Next time you are in Montreal or Quebec City, have a look at the number of new hotels springing up. We have turned the corner in Quebec, and this has created a new attitude in Quebec, one of pride and self-confidence.

However, because it is characteristic of human nature that when you're on the move, you don't want to slow down, people are demanding more. They are expecting more in the quality of their lives. They are expecting more in their degree of economic affluence, particularly in comparison with other regions of Canada and presumably the Province of Ontario is always the province which has been measured by all areas of the country, not only Quebec.

It is apparent that to meet these needs we must encourage entrepreneurship of a home-grown variety.

One rather interesting way we have accomplished this is to bring together a commercial association of no less than four hundred Quebec-based small and medium businesses, which is still growing. Through this group's own initiative a unified buying power, a unified export drive, a unified marketing approach is being developed to try to create better distribution channels and to insure fast growth for all these home-based industries.

We see this group as a component of our own indigenous Quebec economic base. It seems to us that in the near future, this kind of economic structure will lead to the utilization of Quebec resources and Quebec talent, providing innovative design and increased exports, and this will be the foundation of that progressive economic programme so necessary in the development of any society.

At Industry and Commerce, a department of the Government of Quebec, we are planning to identify a certain number of small and medium businesses and offer them preferential aid during their critical growth period, so that we may better assure their success and thus avoid a situation where bankruptcy or take-over might occur. Within existing federal-provincial agreements, we will also emphasize the development of six or seven key projects, industrial projects conceived to generate employment as well as significant spin-offs in secondary and tertiary sectors.

I realize that this has been a rather quick sketch of the scene—but essentially, this is where Quebec is now.

We are pleased with our economic progress and, we are generally optimistic about tomorrow. We believe the programmes we have put into motion will allow us to offset any highs and lows imposed on us by the international economic environment. However, as we have moved forward, it has become very apparent that we must apply this same sense of urgency towards the development of a sound and secure cultural base.

We recognize, of course, that there is a price attached to this development and we become more and more conscious of having to pay this price every day.

Canada's consciousness of the need to evaluate foreign investment is no less important than Quebec's awareness of this need on its economy but more so on the level of its culture and language developments. The reality is simply this—the fair, just and real need to accept, and in fact to encourage, the aspirations of five million French-speaking Canadians.

Quebec's legislation concerning our mother tongue by means of Bill 22 is not a stylistic exercise for dilettantes, or a political manoeuvre, or a sort of human experiment equivalent to the growing of snails in some Caribbean paradise. The linguistic and cultural problem of Quebec is as pervasive as obtaining our daily bread and butter.

It is a problem of immense proportion for which we, the government, had the obligation to establish positive and concrete action. We are face-to-face with five million citizens whose ancestors date back three to four hundred years and whose mother tongue has always been French. In the recognition of our future, in respect for our past, and in the realities of today, we had to act.

As late as 1970, millions of French Canadians worked exclusively in English and spent eight hours a day in plants, factories and stores which to a large extent proclaimed their raison d'être only in English, and furthermore dealt with many financial and commercial institutions whose working language was primarily English.

Even though we have been here for centuries, and even though we have made a creative contribution to this reality called Canada, nine out of ten immigrants to Quebec chose to have their children educated in the English language and after that to integrate with the minority in Quebec. In spite of our continued presence, bilingualism came too often to mean English-Italian or English-Greek in Montreal, as in Toronto. Just too many people, in my view, were paying token lip service to the French fact in Quebec.

I am not suggesting that all English-speaking persons or companies have been blind or unconcerned. This would be far from the truth. Many were conscientious for many years, were co-operative throughout the last decade, and have tried to exercise leadership within their community. However, the overall situation did not change appreciably and it became, therefore, a priority to give to French-speaking Canadians living in Quebec a status equal to their contribution to Canada.

This is what we had to do and what we have done, and I believe we have accomplished this with wisdom and moderation. And we have done it while maintaining the rights of those Quebecers whose mother tongue is not French. It is my heart-felt belief that the majority of Quebecers, and for that matter all Canadians cognizant of the French fact in Quebec, have recognized our intentions.

Within the business sector to which an important portion of Bill 22 was directed, the reaction seems to me not only logical, but devoid of negative emotion. And this again was true not only from the English sector of our communities but also in the French sector. I once said the best way to ensure that everyone would accept Bill 22 would be to pass another law, presumably Bill 23, which would force English-speaking Quebecers to read the French papers for one week, and *vice versa*, French-speaking Quebecers to read the English papers for one week, and everyone would conclude this was the best piece of legislation to ever come in. The reaction in the business sector, both on the French and English sides, was very mature and one of the most mature that we had. Certainly, however, within some multinational companies where basic international operations are carried on in English, or again in companies where the language was generally English, Bill 22 has sometimes been viewed as a kind of constraint or imposition, and of course received less than joyfully. The same can be said about taxes and anti-pollution measures.

But please make no mistake. The language question is as vital for Quebec as the assessment of the right level of taxation or the protection of its ecology. Most business leaders that I have had the pleasure to meet have recognized this fact, and some have even confided to me that programmes of Francization are already in existence and some go much beyond the measures provided by Bill 22. They also told me that if these initiatives had been broadly taken some ten to fifteen years ago in la belle province, maybe we would not be discussing "language" in Quebec today.

Bill 22 requires that all public signs be in French first. It does not prohibit bilingual signs.

Bill 22 stipulates that all businesses incorporated in Quebec shall adapt their firm names into the French language in order to obtain a corporate identity in Quebec. Firm names may nevertheless be accompanied by an English version.

Bill 22 also imposed upon the government the responsibility of seeing to it that those companies or businesses interested in dealing with agencies and departments of the Quebec government, as well as municipalities which desire certain financial benefits or subsidies, hold a certificate indicating the company's willingness to respect the French reality of Quebec.

To obtain the certificate, such companies must have initiated a programme that they design themselves with the help of the staff of La Régie de la Langue Française, a programme of francization, specifically a programme which promotes the use of the French language within Quebec as the language of work and of communication within the company as it operates in Quebec, as well as in its advertising, sales and marketing activities. However, the law does not impose any condition which in my mind would destroy the effectiveness of the business organization.

There are in Bill 22 certain key words which are repeated in a number of instances and which are to be found in some of the most important sections of the law, and these words, if logically applied, make for a subtle and sensible application of the law. These words may be my only contribution to the drafting of the legislation, but they are words on which we have spent an awful lot of time, and they occur on a number of occasions. These words are "while taking into account the situation and structure of each firm", which means that Bill 22 cannot be interpreted as a sort of very simple approach by which all of the firms have to do the same things. We try with each firm, taking into account its situation and structure, to adapt the francization programme which fits that particular firm. It's obvious there is quite a lot of difference between the headquarters of the Royal Bank which is in Montreal and a firm that operates completely in Quebec City and whose total market is within the Province of Quebec. I think these words can mean many things. Another fact, too, if you look at the people who have been appointed to La Régie de la Langue Française, we have tried (with due respect to university professors, and intellectuals in general) to insure that a good component of these members could bring in the practical experience of day-to-day contact with business organizations.

If we want French-speaking Canadians to have access equally to all positions within the hierarchy of the firm, if we want French-speaking Canadians to be able to work in

January 30, 1975
THE HONOURABLE
GUY SAINT-PIERRE
Minister of Industry
and Commerce,
Province of Quebec
*"Bill 22:
Must Economic
Growth be Achieved
at the Expense
of Cultural
Development?"*

February 6, 1975
WILLIAM K.
MOUNFIELD
President,
Massey-Ferguson
Industries
*"The Canadian
Global Corporation"*

February 20, 1975
ALAN WILLIAMS,
M.P., O.B.E.
Member of the
British Labour Party
"Europe, NATO and
North America
and their Future
Relationships"

February 27, 1975
MRS. BERYL
PLUMPTRE
Chairman,
Canadian Food
Prices Review Board
"Why Not?"

March 6, 1975
ARTHUR S. PATTILLO, Q.C.
Chairman,
Ontario Securities Commission
"The Ontario Securities Commission, 1975 and the Years Ahead"

March 13, 1975
STUART M. HODGSON
Commissioner of the Northwest Territories
"Development Along the Polar Seas"

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March 20, 1975

Jack E. Matthews

Director, Lester B. Pearson College of the Pacific

"International Understanding, a Working Model"

March 27, 1975

E. Ritchie Clark

Chief General Manager, Industrial Development Bank

"Canada's Industrial Development Bank"

April 3, 1975

Dr. Conrad Swan

York Herald of Arms-in-Ordinary to Her Majesty

Queen Elizabeth II

Mr. York is shown wearing the uniform of his office, the most distinctive part of which is the Tabard comprising the Arms of the Sovereign.

April 3, 1975

Sir Arthur Chetwynd, President of the Empire Club, Melvin Kenny, President of the English Speaking Union, Rt. Rev. F.H. Wilkinson, former Bishop of Toronto, Dr. Conrad Swan, Richard Meech, Q.C., President of the Canadian Club, Lt. Col. R.C. Rutherford, President of the Royal Canadian Military Institute.

April 3, 1975
DR. CONRAD SWAN
(with Sir Arthur
Chetwynd)
"Ceremonial and
Insignia —
Some Considerations"

April 10, 1975

Dr. John R. Bunting

Chairman, First Pennsylvania Banking and Trust Company

"Recession, Inflation and Energy"

April 17, 1975
H. IAN MACDONALD
President, York University
"Canada's Economy — Can We Advance Back to Reason?"

April 24, 1975
THE ANNUAL MEETING
President-elect Alan Leal, Sir Arthur Chetwynd, and
Guest of Honour, Lord Killanin

EMPIRE CLUB
CANADA
THE EMPIRE CLUB OF CANADA

April 24, 1975
Lord Killanin
President of the International Olympic Committee
"Olympic Structures"

French and to communicate horizontally and vertically in French, we also want to bear in mind the value of English as the language of international business communications.

It does not necessarily mean our intent is to make French the language in every boardroom, especially of multinational or national corporations whose head offices are in Montreal. This goes against practical, common sense. We have no intention of slowing down or of rendering more difficult the already complex communications of a larger firm. We are sensible enough to understand that if, for example, Canadian Pacific wants to build a hotel in Vancouver and the preliminary engineering work is done in Montreal but will have to be eventually executed by English-speaking Canadians, the project will have to be done in English to a large extent.

In other words, Bill 22 is designed to give a status of permanency to the French language in the Province of Quebec. Bill 22 recognizes the presence of this language and tries to make it a viable force in the multi-cultural and multi-lingual reality of Quebec and Canada. In the process of realizing these objectives, we have tried not to lose sight of the economic imperatives.

Furthermore, this law, the logical fulfilment of the profound aspirations of the French-speaking people of Quebec, who by the way have no intention of isolating themselves from the rest of North America, in all of its applications, this law is the instrument of the future. It is not meant to distort the present. As far as I am concerned, I am convinced that it is a just and equitable law.

I also believe that those who insist on provoking an emotional debate concerning the language of education do so for personal reasons. It seems evident, at least to me, that English-speaking teachers who continue to oppose Bill 22, do so for reasons of their own. They see it as seriously affecting them as individuals earning a living, and the eventual possibility of losing their jobs.

As the birth rate is presently declining in Quebec, and therefore, if the English-speaking system does not assimilate the same proportion of immigrants as in the past, it is obvious that certain teachers may have to search elsewhere for their livelihood. That is, no doubt, why many parents and many of their friends are engaged in what I consider a sterile debate with the majority of Quebecers which can only lead to disharmony and serious cleavages. They seem to forget that the Government of Quebec has a special responsibility. It is the only government which the French Canadians can effectively control, since they constitute the majority of the citizens of Quebec. It would be undemocratic if certain pressure groups were allowed to mock the will of the majority, but this does not mean that the right of the minority and constitutional rights are not abided by. In drafting Bill 22 we were conscious that Quebec could receive many immigrants over the next five to ten years, if economic conditions are good. One has to remember what took place in West Germany and in other European countries which yearly had to import substantial numbers of immigrants from a number of countries—Turkey, Yugoslavia, Spain, Italy, and so on. We want the situation for them to be crystal clear in the years ahead.

While respecting the rights of immigrants whose mother tongue is English and allowing them to use the English-speaking public education system, the Government of Quebec wants all others to know that Quebec is a human experience which expresses itself primarily in the French language. While English is not and cannot be forbidden and since the assimilation of immigrants is inevitable, we want them to know that they have to integrate themselves within the French-speaking majority.

The situation is to me now very clear. If certain groups on the other hand refuse to see beyond their immediate interests, if they challenge the expressed will of the majority to go against the word and the spirit of the law, and to falsify its intent for demagogic purposes, then they are sowing the seeds of racial-linguistic tensions which the legislator in his moderation attempted to prevent with Bill 22 by confirming the needs of French-speaking Canadians and the rights of English-speaking Canadians.

In all seriousness, I would consider it a provocation that Italian children, for instance, be induced at a very early age to learn English in order to avoid having to go to French schools. The same would be true with other immigrant groups.

There has been a lot of talk in newspapers and media about the free choice of parents to send their children to the school of their choice. May I remind you, and I would like to leave it to you to draw the comparisons, that they are not taking account of the many educational systems we are supporting from public funds. In Quebec, we have a protestant system, a Catholic system, and a neutral system. These three can be sub-divided into an English-speaking system and a French-speaking one. And you have to add to all of these a very large share of private schools which at the secondary and the community college levels are very heavily supported through public funds. I think that nowhere else in Canada would you see this liberty of choice financially supported out of public funds.

The government of Quebec continues to carry out its operations in both French and English. It recognizes willingly, to those Canadians whose mother tongue is English, rights which are full and complete and which go much beyond those recognized by the governments and people of other provinces in so far as their French-speaking citizens are concerned.

We do it willingly.

As you well know, among French-speaking Quebecers, two elements confront each other. On the one hand, some French-speaking Quebecers (and I am in that group) say to themselves: "Look, we make up about 30% of the Canadian population. Let's try to occupy 30% of the place, 30% of Canadian institutions, 30% of its cultural and economic life, in spite of the fact that personal sacrifice will be required over the long term. Let us also attempt to use the experience of this bicultural reality as an international experiment in living. Make of Canada," they conclude, "a democratic country in which minorities are fully and completely respected and protected."

On the other hand, there are other Quebecers who say, "Let's occupy 100% of Quebec, and forget completely the Canadian dream."

Bill 22 is within the framework of French-speaking Quebecers who believe in Canada. It provides to our French-speaking population the first real linguistic security they have known. They can now turn their energy and creative talents to the living of Canada. Surely no one will doubt that without this fundamental security, we cannot have peace and harmony and decent human relationships between the various groups of our society. What we have without this security is racial intolerance, hostility—in other words, a situation in some respect analogous to that which prevails in Northern Ireland.

My intention is not to pose veiled threats or to practise brinkmanship. On the other hand I cannot renege on my statements on what I believe to be the true situation in Quebec today.

I am an enemy of violence. I am personally a Quebecer convinced of the value of being a Canadian. However, not all in Quebec share my views, nor for that matter all in Toronto, or elsewhere in Canada.

I wanted to come and tell you that Bill 22 is a reality and a law, and that it is a moderate law. I will not claim that it is perfect; neither is it a meaningless gesture coloured by racial intolerance. It is the result of a sincere conviction by the members of the Government of Quebec to calmly formalize the aspirations of the French Canadian majority in Quebec, also a founding minority of Canada.

After four hundred years in North America, the francophones have not been assimilated and are still an individual cultural entity. So let us face reality and accept la petite différence.

A moment ago, I told you I was a Canadian, I will now tell you why. There are two reasons: I have read my history books and secondly, I know this country well, as I have observed it not only from various places from within but also from without. I have faith and confidence in our future, and in the exceptional opportunities that are being offered in '75 to all Canadians.

And so this is why I came to Toronto, to your table, in your presence, so that the decision of the government of which I am a member, as incorporated in the lawful legislation passed by our democratic assembly, be fully understood.

Personally, I want to pursue this discussion and engage with you in a dialogue which I hope will be free from massive emotion and abuse. Together, we can look at reality. Together, we can forge a better future for ourselves and our children. Together we can realize equality. Together we can insure the fulfilment of all those groups which make up the human reality of Canada.

In 1974, the Quebec Government while pursuing the consolidation of its economic edifice, has nevertheless decided to act irrevocably in social and cultural areas.

The adoption of Bill 22 is the most tangible example of this. If this legislation is seen in its proper light, it will appear as the logical conclusion to the reality of Quebec and of Canada. Since we had no choice in the matter, in other words since we had to act, economic expediency was not our prime concern. We wanted to be moderate, responsive and in keeping with the economic reality.

If there is an economic price to be paid for this decision, we shall pay it without hesitation.

However, I think it would be destructive, irrational and dangerous if businessmen thought for a single moment to punish Quebec for its acceptance of Bill 22.

In 1975, it seems to me obvious that Canada must stand united. Affected as we are by international currents, a serious decrease of the economic growth of any region affects the total well-being of all of us. That is a fact we cannot escape.

Consequently, it appears to me impossible to even consider that rational human beings will exact a price for Bill 22. It would be most foolish economically. Furthermore, it would be quite unjust.

To sum up, Bill 22 does not contradict the principles of our Canadian democracy. It does not diminish the reality of Canada. It is not a challenge to the unity of this country.

It is, as I have tried to convey here, an essential present measure to establish the permanency of a four-hundred-year-old fact in Quebec. It is the basis for a more durable confidence and continuing common purpose in the development of Canada. It seeks to provide a more positive base upon which we can grow together.

Quebec must be able to live with itself—both culturally and economically. But it knows very well that it must also live daily with its fellow Canadians and within the global context of the world of today. Bill 22 intends to make us more secure in our external relationships and, as we progress, even more effective. And if it contributes to resolving our anxieties, it will establish our potential for an even greater contribution to all of Canada. Thank you.

The official thanks of The Empire Club of Canada were expressed by Mr. John Fisher, First Vice-President.

FEBRUARY 6, 1975

The Canadian Global Corporation

AN ADDRESS BY William K. Mounfield,
PRESIDENT,
MASSEY-FERGUSON INDUSTRIES

CHAIRMAN The President,
Sir Arthur Chetwynd

SIR ARTHUR CHETWYND:

Distinguished head table guests, ladies and gentlemen: Our speaker today is William K. Mounfield, a Toronto boy from the Parkdale district who has made good in one of Canada's large international corporations, Massey-Ferguson Limited. His present position is president of Massey-Ferguson Industries Limited, the subsidiary which is responsible for the Canadian operation and which employs over six thousand people in Canada.

As a personal aside, I may say that Massey-Harris (the company's earlier name) occupies a unique place in the Canadian motion picture industry of which I have been a part for the past thirty years, as Massey-Harris (as it was then) sponsored the first industrial or business film ever made in Canada, in 1898.

Much is being said these days about the multinational corporation. In Canada the foreign-controlled multinational corporation is being frowned upon by many people, and sometimes abused, at least verbally. Canadian governments, which purport to reflect the wishes of the people at large, have introduced legislation designed to make it more difficult for foreign-controlled companies (most of which could be described as multinational) to expand their control—at least in ways which do not contribute to the Canadian good.

While it is always defensible (in an imperfect world) to protect the Canadian position, perhaps we should not lose sight of what an American named James Garfield once said, and it is this: "Commerce links all mankind in one common brotherhood of mutual dependence and interests."

Our speaker attended Queen Victoria Public School in Parkdale, went on to the University of Toronto Schools for his secondary education, and subsequently gained Bachelor of Commerce and Master of Business Administration degrees at the University of Toronto. He joined Massey-Ferguson in 1948, serving for four years in Canada, following which he was transferred to Europe where he held administrative and sales appointments in Massey-Ferguson's French, British and Italian operations.

As another aside, Mr. Mounfield, although a very senior officer in a traditionally anglophone company, is completely fluent in French and a very able communicator in Italian. I believe that this is an important footnote on the character and ability of Bill Mounfield who typifies the best of what is sometimes called a quiet Canadian, preferring to be known by the results of good works rather than by blowing his own horn.

Returning to Toronto in 1959 he became assistant secretary of Massey-Ferguson Limited and secretary of the executive committee of the board of directors. In January 1972 he was made secretary of Massey-Ferguson Limited. He came to his present position in January of 1973 as president of Massey-Ferguson Industries Limited, the company which controls all of the Canadian operation.

I don't have to remind the people in this room that Canada lives by trade, fully one-third of our gross national product going into exports. Over the years Massey-Ferguson has made a considerable contribution to the export side of our international ledger and provided some of the black figures in our balance of payments position. Sometimes we forget that Canada has quite a few important international companies—our own multinationals—even if they do not occupy the dominant position in other countries which some multinationals seem to occupy in Canada.

To help us bring our judgment into balance on the subject, we have a speaker today with a balanced experience, a Canadian who works for a Canadian corporation which is part of an important international corporation.

I suggest to you that for the next few minutes we can be as one with the author, Thomas Paine, who said, "Whatever has a tendency to promote the civil intercourse of nations by an exchange of benefits is a subject as worthy of philosophy as of politics." I am very proud to introduce to you, speaking on the subject of "The Canadian Global Corporation", Mr. William K. Mounfield.

MR. MOUNFIELD:

Mr. Chairman, ladies and gentlemen: Thank you very much, Sir Arthur. Thank you for inviting me, and thank you for giving me this opportunity of meeting many old friends—some elderly friends that are not old friends, and some old friends that are not elderly. I see Joe Potts down there. Joe and I were together at the University of Toronto a long time ago. I think we were instrumental in forming a thing called the Blue and White Society, which is a strange society for a Liberal to try to form. At that time, Joe was known for his rather bulky coonskin coat. I'm delighted to see that that coat has now shrunk and is gathering around his chin!

Mr. Chairman, you made reference in your introduction to the fact that I was a Parkdale boy. I haven't heard that expression for some time. Back in the days when Parkdale was a sleepy little village on the western outskirts of Toronto, I was born out there. It so happened, as a small boy I would go downtown with my mother on the streetcar, and we would go past a rather formidable factory called

"Massey-Harris". They had big high board fences. I believe there was barbed wire on top of that, and behind that there was a foundry. This foundry had fire in it, and smoke billowing out of the chimney, and it was really a most awesome sight for a small boy on a streetcar going by. Seeing my nervousness about this factory, my mother used to say to me, "Now if you don't behave, I'll send you there to work someday." I don't recall misbehaving, but I seem to have stumbled into Massey-Harris!

You also made reference to speaking other languages. You may have heard the story about the Englishman who was going across the Atlantic on the French Line. His name was Peter J. Higginbottom. He didn't want to be disturbed too much, he didn't want to join in the revelry, so he asked the steward if he would put him at a quiet table. The steward said, "There's a French gentleman over there who's by himself. If you sit there, you'll have a very quiet passage."

So he went down the first night to sit at dinner with this Frenchman, and when he arrived the Frenchman stood up and said, "Bon appétit!" And the Englishman said, "Peter J. Higginbottom!" That was about all the communication they managed on the first night.

The second night he went down again, and the Frenchman stood up and said, "Bon appétit!" He was a little puzzled, but he thought maybe he had not caught his name, so he said, "Peter J. Higginbottom!"

The next day he met the steward as he was walking around the deck, and the steward said, "Are you enjoying your table?" He said, "Yes, but this strange Mister Appetit or whatever his name is keeps introducing himself. I don't understand it."

The steward said, "Oh no, that's not his name. He's trying to wish you good appetite. He hopes that you'll enjoy your meal. That's just a French expression."

Mr. Higginbottom said, "Oh, I'm glad you told me! I didn't realize that."

So he went down to dinner that night, and when the

Frenchman came in and sat down, Mr. Higginbottom said, "Bon appétit!"

And the Frenchman stood up and said, "Peter J. Higginbottom!"

Well, I didn't really come here to tell you about Mr. Higginbottom. I wanted to talk about a Canadian global corporation.

Ladies and gentlemen, it is a great honour for me to have this opportunity to speak to The Empire Club of Canada. I was particularly pleased when Sir Arthur agreed that I could speak on the topic of "A Canadian Global Corporation". This is a subject which is, of course, of special interest to me.

I use the term "global corporation" rather than multinational corporation since the latter term seems to have taken on some special connotations in recent years.

When we in Canada think of multinational corporations we tend to think of foreign multinational corporations doing business in this country, rather than Canadian multinational corporations doing business abroad. I happen to feel that foreign multinational corporations have done a great deal for the economy of this country over the years and, hopefully, the few Canadian multinational corporations that exist are helping the economies of other countries in the world.

As you have gathered I have spent all of my working life with one large Canadian corporation and, frankly, I am very proud of the things that that (now global) corporation has been able to achieve in its 127 years as a Canadian company. Let me start by telling you a little bit about the history of that company.

It all began in 1847 near the little town of Newcastle, Ontario. Daniel Massey, a farmer in that area, liked to experiment with new types of implements as they became available, and he would adjust, repair and improve those implements for himself and his neighbours. When he was 49 years old, he passed the farm on to his son and he set up a small shop for the manufacture of farm implements. From that humble beginning the company has grown into one of Canada's largest multinational corporations and some of Daniel Massey's descendants have played prominent roles in our country.

In 1947, when we were celebrating our centennial, we commissioned Merrill Denison to write a book about the company. He did so and he called it *Harvest Triumphant*. Denison referred to his book as "a footnote to Canadian history" and it certainly was just that. It dealt with the development of industry in Canada in the latter half of the nineteenth century, with its problems and frustrations, and its attempts to compete with growing industrial giants to the south. Politicians were struggling with questions of the degree to which Canadian industry should be protected by tariffs, a subject with which politicians are still struggling! In 1876, for example, the depression had become sufficiently serious to result in the appointment of a Select Committee of the House of Commons to inquire into "the causes of the depression in trade and commerce". This was the first of many such inquiries in which the Canadian farm machinery industry was later to find itself involved. It was interesting to note that four firms in the farm implement business in Canada were unanimous in the opinion that they did not wish nor require higher protection. They were confident of their own and the industry's ability to meet any competition.

You may be interested in the reply of C. A. Massey, who was then Vice President of the small Massey Manufacturing Company in Newcastle, which read as follows:

Newcastle, Ont.,
March 31, 1876.

To the Select Committee on Depression of Trade,
House of Commons, Ottawa.

> Gentlemen:
>
> In reply to a communication received this day from the Clerk of Commons, would say:
>
> We are engaged in the manufacture of agricultural implements and farm machinery. Our average trade is about $100,000 per annum, and this season we are increasing business about twenty per cent, and with very fair prospects.
>
> During the past season we did a foreign trade—in Germany—to the extent of some eight or ten thousand dollars, and we anticipate a continuation of that trade.
>
> We may also add that the existing tariff is satisfactory to us, and is sufficient protection; perhaps even a little less would also be. A still further advance in the tariff would certainly prove adverse to our interest.

I rather like the cocky assurance of the implement people in those days, almost a hundred years ago, and it was certainly that kind of spirit which led to the development of what is now a global corporation whose products are manufactured in 70 plants in 26 countries. I'm sure that C. A. Massey was disappointed when, two years after he wrote his letter, John A. Macdonald was returned to power on a platform in which the principal plank was his national policy of protective tariffs.

In 1886 the company supplied its first orders from Australia and the following year a sales office was opened in London to handle the growing business in Great Britain. By 1888, the company had organized distribution of its products in the West Indies, South America, Scotland, England, Ireland, Germany, Belgium, France, South Africa, Russia, Asia and Australia.

By the early 1900's, about the time the Empire Club was formed, the company's export business represented more than 50% of its production.

In 1927, the company made the final transition from a family concern to a full, publicly-owned corporation. At the same time the company established its first overseas manufacturing operations in France and Germany.

In August of 1953, it was announced that the Massey-Harris Company in Canada and Harry Ferguson Limited of Great Britain had merged to form Massey-Harris-Ferguson Limited, a name which was changed in 1958 to the present Massey-Ferguson Limited. The merger was a logical one for both companies because of the complementary nature of their product lines. It brought together in a single organization all the technical expertise on which all power farming is based—the self-propelled combine and the modern tractor.

The merger was followed by a massive restructuring of the two companies' world-wide interests to integrate them into a single organization. Important new facilities were also added to expand the company's manufacturing base. These included in 1959 the acquisition of the U.K.-based diesel engine manufacturer, F. Perkins Limited, and the tractor manufacturing facilities of the Standard Motor Company, in Coventry.

Massey-Ferguson, in becoming a multinational enterprise, followed the classic route of first exporting on a large scale and then manufacturing abroad.

From our branches and distributors came much of the knowledge of local sources of capital and of governmental and industrial practices necessary for the establishment of new manufacturing facilities.

Sometimes, the reason for our investment in a particular foreign market was a response to the imposition of trade restrictions. National restrictions on imports have occasionally made it impossible for a local distributor to import our finished products. In certain instances, we have assisted our distributor in establishing local assembly or partial manufacturing. Our early decision to consider the world as our marketplace was reinforced when the Canadian market for farm machinery became duty free in 1944. This meant that there were no tariffs for us to shelter behind. And the Canadian market was too small to offer us the necessary incentives if we were going to survive in a highly competitive industry.

By 1960, Massey-Ferguson had reorganized itself on completely multinational lines. All strategy, procedures and organization were consciously directed towards the global marketplace.

The managers of each of our manufacturing units are generally local nationals and the local language is used in all activities. The general managers must, however, have a good knowledge of English, the language that is used in our inter-unit communications. Similarly, members of the corporate staff here in Toronto, the headquarters staff, who work in English, are increasingly found to be more effective if they speak at least one other major language. Each of our units identifies itself with the local scene, fulfilling the role of a responsible corporate citizen.

Just a word now about some of the various projects that we have carried out.

Brazil, for example, is certainly our most successful project in a developing country. It began in 1961 on a very limited scale as a manufacturing joint venture with our distributor, who was already engaged in the automotive industry. The company experienced great difficulty in the early years caused by inflation and currency instability. Despite the difficulties, the company managed to produce a few tractors before the end of 1961. By 1973, tractor production had increased to 20,000 units a year and the Brazilian company had expanded into the manufacture of combine harvesters and farm implements, as well as industrial and construction machinery.

Our newest joint venture project is in Peru. I heard on the radio this morning that they are having political problems in Peru. But we are fortunate there because we are a 49% partner with the government. I don't know what's happening to our 51% partner this morning! Tractor assembly is beginning, and a new tractor assembly plant is being built to meet not only the requirements of Peru, but also other markets in the Andean group of countries.

In September, 1974 agreements were signed with the Polish foreign trade enterprise, Agromet Motoimport, under which Massey-Ferguson will assist in the expansion and modernization of the Polish tractor industry, leading to the production in Poland of 75,000 Massey-Ferguson tractors and 90,000 Perkins engines annually.

The value of the project, in terms of capital equipment, components and services, exceeds $350 million and is the largest single trade arrangement ever negotiated between Poland and an industrial company in the western world.

We have also carried out projects in Argentina, Italy, and Spain, as well as in Mexico, India, Morocco, Pakistan, Turkey, and Yugoslavia. Licensing arrangements to assemble tractors have been made in Thailand, Portugal, Uruguay and Malaysia. Implements have been licensed for production in Kenya and Venezuela.

Negotiations are well advanced for a joint venture with the government of Iran for the manufacture of tractors and diesel engines in that country. We are also negotiating for a joint venture project in Egypt.

In the Middle East, the oil-producing countries are building up an unprecedented surplus of funds and are embarking on ambitious development plans. Substantial funds are being allocated to support increased production of food.

Those developing countries which do not have oil resources are also putting increased emphasis on food production to minimize their dependence on imports.

Recent international conferences have focused attention on the world's food problems and on the necessity of directing the surplus funds of the oil-producing countries into programs related to agriculture in the developing countries. Because of our experience in the formulation of local manufacturing projects, we have a unique opportunity to assist in these development activities.

Many critics of multinational corporations maintain that we are exporting jobs when we establish a foreign subsidiary, or when we conclude a licensing agreement or when we go into a joint venture in a foreign country. In effect, they say, we are creating our own competitors in these foreign countries.

Experience has shown us that this does not happen. Although our sales in Canada are only 8% of our total world-wide sales, we in MF Industries manufacture large quantities of goods for export.

Our total Canadian sales in 1974 exceeded 300 million dollars and about 160 million of that went to other countries. In addition to manufacturing combines, balers, forage harvesters, implements and other products for the North American and overseas markets, we make many parts and components for other MF assembly plants abroad. We employ over 6,000 Canadians, and we are just completing a 20 million dollar expansion of our Canadian manufacturing facilities. Our parent company has 24,000 Canadian shareholders, and they hold over 85% of the outstanding shares.

I think it is clear that the establishment of multinational corporations, with their headquarters in Canada, does not inhibit Canadian development. In fact, more Canadian global corporations could be the key to expanding our exports of manufactured goods in the years ahead.

As you know, serious bargaining under the Tokyo Round of multilateral trade negotiations is due to begin very shortly. This will be the first round of trade negotiations under the GATT Agreement since the Kennedy Round of the mid-1960's. The Tokyo Round of negotiations will seek to achieve the expansion and liberalization of world trade through the progressive dismantling of obstacles to trade, both tariffs and non-tariff barriers. One of the objectives of the Canadian negotiators is to expand our exports of manufactured goods, and, specifically, to achieve further processing of our natural resources prior to export. Canadian industry must be preparing now for the 1980's when we will, presumably, see a liberalization of trade around the world.

Trends in our export trade for manufactured goods in recent years have not been encouraging. In 1973, our imports of end products exceeded our exports by 6½ billion dollars. In 1974, it is estimated that this trade deficit in end products will be close to 8 billion dollars.

If we are going to reverse these trends, we must exploit every opportunity to improve our exports of Canadian manufactured goods. One of the restrictions on our export capability in the last couple of years has been lack of supply. Many industries in Canada were operating at full capacity and were unable to increase output because of the shortages of raw materials and components which they needed to manufacture their products. But, industry has been expanding manufacturing capacity in Canada, and in some sectors, supply is catching up with demand. In some, I guess, it has even passed demand. We must, therefore, push for further exports to take up the slack. As the Canadian dollar approaches parity with the U.S. dollar and as the U.S. dollar weakens in terms of other foreign currencies, Canadian products should be more competitive in foreign markets.

As developing countries expand their economies, they become potential markets for Canadian technology, management and organizational skill, and the supply of components to assembly operations abroad. In this regard, I was very interested in some remarks which Mr. André Raynauld, President of the Economic Council of Canada, made last summer. He said, in part: "We have now reached the stage at which increasing numbers of Canadian firms, sometimes associated with other institutions or with government, have developed an innovative capacity of their own. A very substantial effort will be required in the years ahead to broaden this base and ensure that more and more products flow abroad incorporating original Canadian technology, styling and other education-intensive content." He went on to say, "Certain factors suggest very strongly that we in Canada need to develop more of our own specialized multinational companies."

Needless to say, on this last point I agree wholeheartedly.

Now I should like to offer some general comments on the nature of the multinational corporation, its place in the business world, and its relations with governments.

Multinational enterprises have been hailed as a most effective medium for spreading technology, management skills, and capital around the world. They are often able to attract the best managers and specialists; they have the ability to call on reservoirs of experience obtained worldwide; they have the marketing structure which seeks out needs for products and services; they have research units examining new possibilities and adapting them for new market opportunities, spreading the costs over large turnovers; they have the economies of scale, even though the logistics involved are sometimes complex.

Some observers of the international scene have pointed to the leading role of the multinational corporation in stimulating economic growth in the developing countries. Other observers have, however, deplored the rise of multinational corporations on the grounds that in certain of their activities they are beyond the control of government.

No one, as far as I am aware, has suggested that multinational corporations are inefficient. The main points at issue in the debate about multinational corporations do not concern their efficiency, but rather their relations with governments and citizens of the host countries. Multinational enterprises see the world as a single marketplace. Governments, on the other hand, see the world divided into separate nations.

Canadians have expressed misgivings about pressures that the United States government may apply to parent companies, which in turn affect their subsidiaries in Canada. It is hardly surprising that governments do not welcome attempts by another government to use a multinational corporation to give an extra-territorial dimension to its own national laws. The multinational corporation should not be exploited as the agent of one government intruding in the affairs of another. The multinational corporation is no more than an unhappy accomplice in political actions. Apprehension or criticisms should be handled through governmental channels rather than directed at the companies involved.

Much has been written about the extent of investment by foreign multinational companies in Canada and in other countries, particularly in the technologically advanced industries. Here again, I would emphasize that corporations themselves are hardly to be blamed. It is for the people of any country, acting through their government, to decide whether they want more or less foreign investment in particular sectors or generally throughout their economy. If they want less, they must be ready to pay the price if restrictions would mean a drop in their standard of living.

You may recall that a little over a year ago the United Nations appointed a "Group of Eminent Persons" to study the impact of multinational corporations on development and on international relations. Albert A. Thornbrough, president of Massey-Ferguson Limited, our parent company, appeared before that Group of Eminent Persons in Geneva in November, 1973. The Group completed its study and released its report some months ago. One of its recommendations was that within the Economic and Social Council of the United Nations there be established a Commission on multinational corporations. This Commission is to consider and implement many varied and sometimes contradictory recommendations made by the Group of Eminent Persons.

Included in the terms of reference of the Commission is the following: "Explore the possibility of concluding a general agreement on multinational corporations, enforceable by appropriate machinery, to which participating countries would adhere by means of an international treaty."

If this were in fact carried out, it would mean that host governments, home governments, and the owners of multinational corporations would all hand over their respective authorities to an international agency. Results of international co-operation thus far have not been so successful that one can reasonably expect national governments to surrender their sovereignty. What is more likely is that more nations will be undertaking unilateral actions affecting the scope, effectiveness, and operational behaviour of the multinationals.

Multinational corporations have shown themselves to be wonderfully adaptable. I do not doubt that they could evolve to meet either new national or international rules of conduct. However, since multinational corporations are generally industrial corporations, with long-term investments to be made, any ground rules established should have a reasonable degree of continuity.

Canada, as well as other nations, is beginning to define more precisely under what terms foreign investment is welcomed. This can be to everyone's benefit if care is taken to understand the real contribution that a multinational corporation can make.

The Canadian government should, in my view, do much more than oversee the activities of foreign-owned corporations in Canada. It should also encourage the growth of Canadian multinational enterprises.

Canada, with its dependence on world trade and its bilingual and bicultural heritage, should have significant advantages in creating multinational corporations. We are gaining the international business experience and managerial skills to ensure that a reasonable proportion of such corporations are Canadian. They should be encouraged in their operations abroad, for they bring benefits not only to the host countries, but to Canada as well.

Mr. Mounfield was thanked on behalf of The Empire Club of Canada by Mr. Joseph H. Potts, Past President of the Club.

FEBRUARY 20, 1975

Europe, NATO and North America and their Future Relationships

AN ADDRESS BY Alan Williams, M.P., O.B.E.,
MEMBER OF THE
BRITISH LABOUR PARTY

CHAIRMAN The President,
Sir Arthur Chetwynd

SIR ARTHUR CHETWYND:

Distinguished guests, ladies and gentlemen: It is in keeping with the best traditions of The Empire Club of Canada that we welcome as our speaker today Mr. Alan Lee Williams, Member of Parliament in the British House of Commons for Hornchurch. This platform, that is The Empire Club of Canada (and I hope I am not being too presumptuous if I say that it *may* be the most prestigious platform in Canada), attracts many politicians to its podium. This is because they have important things to say and because they wield the ultimate power over the people.

In a democracy, they help us to adjudicate our differences by exercising our vote, rather than by exercising our muscles!

Away back in 1853, a man named Wendell Phillips said that "politics is but the common pulsebeat, of which revolution is the feverspasm." I believe that all of us in this room would be much more interested in the common pulsebeat, where we may enjoy the luxury of choice in such matters.

For this reason I have much admiration for politicians. The successful ones are more likely to be generalists rather than specialists, and so we find they invariably have something interesting to reveal to large numbers of people. If the politician is of an international order, such as our guest today, he brings an interesting overview to his philosophy.

Mr. Williams was born in 1930 and educated at Roan School and Oxford University. He did his national service in the Royal Air Force from 1951 to 1953. On coming down from university in 1956, he became National Youth Officer for the Labour Party, a post he held for six years.

In 1964, he contested the riding of Epsom for the Labour Party and lost. In 1966 he was elected as the Labour Member of Parliament for Hornchurch. He lost his seat in the general election of June 1970, and regained it in February of 1974.

He has held posts as head of the United Nations Association Youth Department, as a lecturer in politics and economics, parliamentary private secretary to the Secretary of State for Defence (1966-70), leader of the government delegation to the Fourth Committee of the United Nations in New York in 1969, a member of the Council of Europe from 1967 to 1970, and vice chairman of the Labour Party foreign affairs group from 1968 to 1970.

Mr. Williams is a former chairman of the British National Committee of the World Assembly of Youth, and a former deputy director of the European Movement. He was a director of the British Atlantic Committee from 1971 to 1974, and is now chairman of its policy and planning committee.

He is also chairman of the all-party Parliamentary River Thames Group. He is Vice President of the River Thames Society, a member of the Foreign Office advisory committee on disarmament and arms control, and a freeman of the City of London. He is the author of a number of publications and pamphlets, and was awarded the O.B.E. in 1973. Altogether, the record of a very busy, a very concerned, and a very energetic young man!

It sounds as if Mr. Williams hasn't had time for any fun, but he is a very handy cricketer. He plays for the House of Commons, and for those who have played or are interested in that marvellous game, he is a left-handed bowler, and he is an opening batsman, which is a very important place to be.

Although it goes without saying that our guest speaker is very much identified with his home land, nevertheless I get the feeling that, like Socrates, when asked of what country he called himself, he said "of the world", for he considered himself an inhabitant and a citizen of the whole world.

Ladies and gentlemen, it is with great pleasure that I introduce to you, speaking on the subject "Europe, NATO and North America and their future relationships", Mr. Alan Lee Williams, O.B.E., M.P.

MR. WILLIAMS:

Mr. Chairman, ladies and gentlemen: I am very pleased to have received this invitation to speak to the lunch today. I am fully aware of the number of very distinguished guests that you have had speaking before and I hope I am undaunted by the names that have been read out to me of the very distinguished international statesmen who have addressed your lunch meetings.

Of course, I do feel at home in Toronto. Only last night, arriving here to an industrial dispute, made me feel at home right away! The only aspect of it which slightly amused me was we put down at a military airport. Of course, if there had been an industrial dispute in Britain there would have been no question of landing at a military airport. So you are very well organized in that sense.

Ladies and gentlemen, I want to address myself to a series of very important subjects and I notice that on the invitation sent out—and I think this is partly my fault—I see I am down to speak about Europe, NATO and North America and their future relationships. Of course that subject would most properly be covered in a book rather than in a twenty-minute talk. So with your permission I would like to confine myself to the "evolt" in Europe and the Atlantic Alliance, which narrows the field down just a little; because as you know Britain is on the verge of holding a referendum as to whether Britain will remain in Europe.

You will know that over the last year or so the incoming Labour Government has been renegotiating the terms of entry for the European Community and the result of those negotiations are not yet known, although I would anticipate —and no one can be certain about this—that the result of the renegotiations will be known in time for the referendum to be held in June, but there is no guarantee about that.

There are a number of factors which could make that extremely difficult, but I think the interesting thing is that for the first time in the whole of our long parliamentary history we are holding a referendum, and this in a sense is revolutionary. We are going to ask the British people to say "Yes" or "No" to the renegotiated terms, which really means "Yes" or "No" to entry to the Common Market, or to correctly put it, to remain in the European Community. I just wanted to say perhaps two or three things about that, because I think it is of relevance.

The first one is that although I myself am not a referendum man, I think I will find it extremely difficult to vote against the referendum when it comes before the House of Commons, because the Labour Party fought two elections in 1974 in which we were virtually all of us, with the exception of one or two, committed to the idea of a referendum. So I do not think I have any opportunity, as it were, to vote against the referendum. But I am not happy with the idea, because undoubtedly once you do hold a referendum on an issue like the European Community, which is admittedly a fundamental issue, there will be pressures from below to hold a referendum on other subjects too.

One can say, I think quite frankly, that issues like capital punishment, which is always an emotional issue I think in our countries, and immigration, which is another issue which I understand is an issue here too to a certain extent, are issues which I would have thought would be far better left to parliamentarians rather than being put out to a referendum. I do not believe that that will *necessarily* follow, but of course once you *do* hold a referendum, there is always that possibility that you set a precedent which other people will wish to follow on other subjects.

My own view is—and this is not just based on hunches or guesses—but my own view, based on Gallup Polls (and we cannot entirely rely on Gallup Polls as we all know) but nevertheless such polls that have been taken both publicly and privately indicate that there will be a "Yes" vote to the renegotiated terms.

Now of course, I cannot state that as a certainty. But the indications are that the British people are now moving to the position of not being enthusiastic—they have never been that—but at least taking a sort of an agnostic position where they feel that the difficulties for withdrawal of Britain from the European Community would be so immense that it is far better to keep to the *status quo.*

Now of course that is a very negative thing, but nevertheless I think it will mean that there will be a "Yes" vote. At least that is my hope, because I myself have been long convinced that Britain's future role lies in Europe.

This leads me on to the second part of what I wanted to say, and that is the evolving Europe as I see it, and as I hope the Labour Government will see it after the "Yes" vote, in relation not only to the community itself but to the Atlantic Alliance.

Now the first thing I want to say is that I am not a Federalist. I think this has got some support in the Netherlands, certainly amongst a number of Dutch Members of Parliament that I have met who are convinced Federalists. I am not a Federalist myself, although I am a European of long standing. I first joined the European movement in favour of unification back in 1962, well before it became fashionable in the Labour Party to do so; so I say it based on that belief. Nevertheless I think that this is not a real argument, it is a theoretical argument, because in fact the European Community is developing on confederal lines and I happen to believe that this is the way the thing will go. Of course eventually it will lead to common positions, which is a totally different thing from Federalism: a common foreign policy, or at any rate a number of common assumptions upon which there is a common view.

There was not such a view in the events of 1973 following the crisis in the Middle East, when you saw a number of European views. There was not a *European* view. But I think since the traumatic events of 1973, there *has* emerged a European view, certainly in the area of energy and on the question of the petro dollars. I think you will agree now that as North Americans you are now dealing with a Europe that has a common position, and I think there is a common position in relation to the economic problems that arise from the quadrupling of the price of oil.

Now all of this seems to be moving in the right direction. At the same time one has to be extremely careful that it does not take an anti-American turn, because there are a number of people in Europe who are extremely critical of the Americans, critical of their trade policies, very critical of Dr. Kissinger. He has more critics than you would imagine in Europe. There is a feeling held by a number of Europeans—I think this is certainly true of the Netherlands, where it is fairly acute; it has always been strong in France; there is always the possibility of it in Germany too, less so in Britain, although the signs are there too—there is this feeling that European unity must be built up first, and then relationships with North America come after that.

That is not a view which I personally take. I think Marvin Gelber will know what has always been my position in these matters. I believe the two must run simultaneously together, and so that needs watching, and I do believe it requires statesmanship. But I think it will not necessarily develop as harshly as I have hinted, because Schmidt as Chancellor of Germany, and Harold Wilson as Prime Minister of the United Kingdom (and a very pragmatic man in this area who is really basically a low profile European), are convinced of the importance of the Atlantic connection.

I want to say that, because quite clearly from what I read in the press here in Canada and in the United States, there is the general feeling of why should Canada or America after twenty-five years still have troops in Europe? What possible role do they now perform in maintaining stability in Europe? Increasingly, this question is being put with greater force and clarity. Of course as the politicians on the platform will know, and I am sure my colleague here from a very similar party to my own will realize, the pressures for this are very strong because it arises obviously from self-interest about the levels of taxation that are required to discharge all these responsibilities. And so it is a real question.

And so what I want to say to you is that the whole stability of Europe in the next ten years—I would say personally *twenty* years, but I think the argument can be sustained more on a ten-year basis than a twenty-year basis, (I admit twenty years is a bit speculative!) but certainly in the next ten years the stability of Europe will very much depend on the American nuclear guarantee. Of course that has always been the position, but I tell you it is *still* the position, because whatever view you take about the current negotiations that are going on, first of all, between the two super powers at the strategic level of nuclear weapons (and they are now going into Phase Two, as you know), or about the conference on Mutual Force Reductions (it used to be Mutual Balanced Force Reductions but the Soviets objected to the use of the word "balanced" and so it is just Mutual Force Reductions . . . I think the French also objected because of difficulties of interpretation), nevertheless whatever view one might take about the Mutual Force Reductions or the Conference on European Security, the fact of the matter is whatever progress is being made, and it is painfully slow so far, whatever view you take does *not* add up to a major shift in Soviet foreign policy. At least it would be an exceedingly rash man who said it did add up to a major switch.

Of course the Russians have become more realistic in their dealings with the European Community. In fact only the week before last they received a deputation from the Commission of the European Community. It was a very cold affair and I think the communiqué issued afterwards disappointed both sides, but nevertheless it did indicate that the Soviet Union is becoming more realistic about the European Community. Nevertheless they do realize that their position is a secure one; after all they are a major European power, they are increasing their defence expenditure when as far as the Atlantic Alliance is concerned the defence expenditure is going clearly the other way. They hope to make a few concessions, certainly in the area of mutual force reductions, and also make a few concessions in the area of free movement of people and ideas, but very minor concessions. The thing that strikes me is that our opinion-formers will say in the circumstances that the spring has arrived.

I say to you I do not believe that to be the case at all. I think there has been an alteration, as the German eastern policies indicate to us, and I think as far as they went they were successful. I do believe that the Russians require western technology. I do believe that they wish to reach an accommodation with us. But again it would be a very rash man who would say that this represents a profound acceptance by the Russians of the *status quo*. I think it does as far as the West is concerned, where we have, I think, recognized all their frontiers *de facto*. I think many of the agreements which have been reached, particularly between the Germans and the Russians and the Germans and the Poles, indicate an acceptance of the present frontiers in Europe, but that does not mean to say that the Russians reciprocate totally in that respect.

In fact the Brezhnev doctrine, which is still very much alive, in spite of whatever the Russian commentators might say, indicates to us all that the Russians are very much aware of the contradictions that are to be found within Europe, and the contradictions between Europe and the Atlantic Alliance, and they are very clever at understanding these differences.

Of course, they have a major factor on their side, and that is time. We do not have time. The European community is new, it has to be forged together, and it has to try and get a sense of unity, not only in relationships within the community of the nine but in a common attitude towards North America and to other so-called third countries, and at the same time it must have a coherent view towards the Soviet Union.

I think there are signs here that this is moving, particularly in respect to the European Security Conference, where there is a common European position. I think that is all to the good.

My message, Mr. Chairman and ladies and gentlemen, is that although the Atlantic Alliance is changing and the North American aspect of it will diminish, and quite rightly so, the essential connection must remain, and that the central power balance is still to be found in Central Europe. If you can get a lasting settlement in Europe, then it will be possible in other areas also to reach agreement, but the most dynamic area, and in fact the most dynamic area in the whole world is still Europe. And so therefore I say to you, and I know that I speak to a number of very good friends here who I think would share a lot of my assumptions, that the next ten years, and certainly the next twenty years, are going to be extremely difficult for all of us. But if we stick together, through perhaps a modified Atlantic Alliance, then certainly as time wears on I do not think we have anything to fear about the future, and it will be possible to reach a sensible accommodation with the Soviet Union and China which will not endanger the peace and stability of our side of the world but will enable us to go on to build a better and nobler world. Thank you.

The official thanks of The Empire Club of Canada were expressed to Mr. Williams by Mr. Henry N. R. Jackman, a Past President of the Club.

FEBRUARY 27, 1975

Why Not?

AN ADDRESS BY Mrs. Beryl Plumptre,
CHAIRMAN, CANADIAN
FOOD PRICES REVIEW BOARD

CHAIRMAN The President,
Sir Arthur Chetwynd

SIR ARTHUR CHETWYND:

Distinguished guests, ladies and gentlemen: It is a real pleasure to welcome our guest speaker today. I am not too surprised, but I must admit that I am very relieved that our guest speaker is here with us today. Not long ago I read of her, that a certain Minister of Agriculture (and I hasten to add here, Mr Handleman, that it was not the Ontario Minister) was threatening to take out his axe and chop down the plumptre!

However, it takes more than such idle threats, postal strikes, and the troublesome exigencies of modern life to deter this remarkable woman whose talent, integrity and courage we hear, see or read about in the media almost daily.

When our speaker, Mrs. Beryl Plumptre, head of the Food Prices Review Board, advised me that the title of her talk was to be "Why Not?" I felt myself becoming a little defensive, as I recognized that this phrase was the attention-grabbing gambit of the media boys (and I suspect it was boys, not girls!) in their advertisements to promote International Women's Year!

Many women have criticized the spending of taxpayers' money on this kind of recognition for women. The irony is that the words "why not?" could have been extracted from a larger quotation by George Bernard Shaw, who had some very cynical things to say about women. I refer specifically to Shaw's play "Back to Methuselah" which I think was written in 1921. In Act One, the serpent is talking to Eve: "You see things, and say why—always why? I dream things, that never were, and I say—why not?" I suspect that the media boys swiped that from Shaw. They're not above that sort of thing!

Indeed many things have been written about women—mostly by men. Here are a few quotes.

"Man has his will, but woman has her way." A man named Holmes said that.

"A woman's guess is much more accurate than a man's certainty." That was one of Kipling's statements.

And a gentleman called Herdeb refers to woman as "the crown of creation".

I prefer to end on this upbeat quote, not only because I believe it, but also for reasons of self preservation, for I know that approximately 51% of our population is female—and this is International Women's Year.

In my research I came across, quite simply, the whole reason underlying the unequal treatment of women over the centuries. We—that is men—are afraid of their ability, both real and especially, potential. It was all written by Cato the Censor many years ago: "Suffer women once to arrive at an equality with you, and they will from that moment become your superiors!" The woman who chose the sacrifice of taking me as a husband, has been my superior, in many ways, for some thirty-six years!

Our guest today, Mrs. Beryl Plumptre, was born in Australia, graduating from the University of Melbourne, after which she did post-graduate work in Economics at Cambridge University, prior to marrying her Canadian husband and coming to Canada in 1938. She has accompanied her husband in many important postings . . . the Canadian Embassy in Washington . . . NATO in Paris . . . and in recent years in Canada.

Beryl Plumptre has served as an economic consultant to several federal government agencies, including the Wartime Prices and Trade Board, the Tariff Board and the Royal Commission on Coastal Trading.

She is a former member of the National Industrial Design Council, the Advisory Council of Consumers to Health and Welfare Canada, the Economic Council of Canada, the Canadian Consumer Council, and the Ontario Economic Council.

She is perhaps best known to the public at large for her service from 1961 to 1966 as National President of the Consumers Association of Canada.

Some of her other interests have been the Canadian Association of Adult Education, the Canadian Red Cross, the Children's Aid Society of Toronto and of Ottawa. She served as President of the Vanier Institute of the Family from 1969 to 1973.

Our speaker was appointed Chairman of the Food Prices Review Board upon its establishment in May 1973. Just the other day, the *Toronto Star* ran a headline which said "Beryl Plumptre's taking no more flak." And then went on to say in the article, "Since August she has tweaked Whelan's nose, chicken and turkey marketing, prodded for better beef support schemes, probed into prices and income ideas, monitored chain store prices, called for a more coherent agriculture policy, issued ominous food price reports and chided members of parliament for seeking large pay increases."

The loyal opposition's consumer critic said at that time, "Mrs. Plumptre gets better with time!"

I welcome this charming and able woman to this lectern with what seems to me to be the most appropriate comment on women that I encountered, after reading our guest's life life and record. From William Shakespeare—of course! "Age cannot wither her, nor custom stale her infinite variety."

Ladies and gentlemen, I have the honour to present to you the Chairman of the Canadian Food Prices Review Board, Mrs. Beryl Plumptre. "Why not?"

MRS. PLUMPTRE:

Mr. Chairman, ladies and gentlemen: It is well known that one should not go grocery shopping *before* meal times. Feelings of hunger trigger some purchasing decisions that would otherwise not be made. I do not know if there is any corresponding taboo about discussing food *after* meal time.

I am honoured by your kind invitation to address your members and guests. For more than seventy years, the Empire Club has provided an opportunity for many Canadians, and others, in positions of responsibility to give an account of their stewardships, not only to its members, but also to the Canadian public. I am delighted to have the opportunity to speak to you today. It is always a particular pleasure for me to speak to a group of Torontonians as I still recall, with much gratitude, the warm welcome which I received when I arrived in this city as a bride many years ago.

Like all of you, I have a life-long interest in food. As a homemaker, I have had a long-time interest in food prices. As Chairman of the Food Prices Review Board for nearly two years, I have had a special and urgent concern with food prices in Canada.

Today I have stolen as the title for my speech the Canadian slogan for International Women's Year—"Why Not?" Why not use it to tell you something of the work of the Board, and particularly of our latest report, which we issued yesterday, "What Price Nutrition?"

But first a few words on the Board which was established in mid-1973. The Board is an unusual government agency. The Commissioners were appointed by the government, and it is financed by government funds. But it does not report to the government—it reports to the public. Government leaders receive the reports of the Board at the same time as they are made available to the media and to the public. This gives the Board an independent status—a status which the Commissioners value very highly. But it also gives us a heavy responsibility—the responsibility of carrying out our mandate with the greatest of care for accuracy, honesty and objectivity. This we strive to do, issuing reports which "tell it like it is."

In our quarterly analyses of food price changes, we aim to give the public an understanding of the pressures and problems affecting all sectors of the food industry—producers, processors, distributors, as well as consumers. Our objective is the same with our reports on prices of commodities, and with related reports such as that on the profits of food companies, and those on the influences of such factors as labour, advertising and packaging on food prices. And "telling it like it is" in our twenty-eight reports to date has, I am sure, brought a clearer understanding of the reasons for high food prices and, I hope, of the policies of restraint in which we must all share and which will be needed to solve the problem of rising food prices.

Food prices have increased markedly over the past two year. Other prices, of course, have increased too, as we are well aware. Over the twenty-four-month period ending last December, housing costs, for the average Canadian, increased 18%, clothing costs increased 17%, and the cost of tobacco and alcohol, in which some of us have a lingering interest, increased by 13%. But food costs, in which all Canadians are vitally interested, rose by 37%—twice as high a jump as the next highest group.

Thus, within the overall inflation problem, food prices have been in a league of their own. Their spectacular rise was triggered, two years ago, by a unique clash of supply and demand. There was an almost unprecedented series of crop failures in major producing countries in many parts of the world. On the demand side, business and incomes expanded simultaneously, to an almost unprecedented degree, amongst the major industrial and food-importing countries of the world. As a result of the high demand for food and the short supply, world food stocks almost disappeared and world food prices soared.

It was against this background that the Food Prices Review Board was set up—set up, not to control prices but to monitor and explain food price increases and to make recommendations designed to ease the resulting problems faced by Canadians in all walks of life.

To complicate the issues and exacerbate the problems, national and international, world prices of oil from the major exporting countries were very sharply increased just over a year ago. Thus, from the energy supply side, a new factor of vast and pervasive influence began to push up the prices of many commodities, including food. And so, supply and demand forces have been pushing food prices upwards all over the world. And, to make matters worse, other upward pressures have been aggravated as governments, rushing from one expedient to another in an effort to put out particular fires, have substantially increased their over-all expenditures and thus added to the general inflationary conflagration.

In these circumstances, Canadians have become highly sensitised to food and food prices. Two main strands of controversy have been sparked.

The first has to do with *equity*. Who is the villain? What persons, organisations, groups or sectors may be taking advantage of consumers to promote their own self-interest? The Board has dealt with that issue in its reports and continues to do so through monitoring incomes of farmers, profits of food processors and distributors, and the wages of workers in agriculture and the food industry.

As readers of our reports will recognise, we have from time to time identified price increases that seemed to us unwarranted. A year ago, for example, in response to a report and representations by the Board, Canadian bakeries moderated the price increase that they had planned to apply to the standard 24-ounce loaf of bread. And we have called attention to a number of apparent infractions of existing legislation that have been pursued in the courts. On the whole, however, we have not found general support for the heroes-and-villains interpretation of economic events. If there are any villains broadly responsible for our ills, they are the forces of supply and demand and general inflationary pressures to which I have already referred.

The second strand of controversy has to do with the *impact* of rising food prices on the eating habits and on the health of the nation. All of you undoubtedly are familiar with the reports that circulate from time to time about some poor persons having to eat dog food. These reports are unsubstantiated but, despite the fact that some dog foods provide a nutritional quality and balance that is not always available in other foods on the supermarket shelves, they generate nevertheless a great deal of emotion about the issue of eating and of food prices.

Assessing the impact of sharply rising food prices is no easy matter. We know that people have been changing their shopping habits in response to price change. But there is nothing new in this. Often a change from a high-priced to a low-priced product, even if not desired, is required by one's economic circumstances. It is also possible that the lower-priced, plainer food may be more nutritious than the high-priced. But the opposite also may well be true. Thus, the Board has become deeply concerned, as are many others, lest many Canadians, as economies are forced on them, may have increased their purchases of foods low in nutritional value. Whether or not this has happened to any large degree is not known, but it is a tendency against which we should be on guard.

What is known is something about the way Canadians were spending their food dollar in 1969. It is on that basis that foods are put together in estimating the consumer price index today.

What is also known is that, as of 1971 and 1972, large numbers of Canadians had serious nutrition problems.

Many of the facts became known last year when the Government in Ottawa issued its Nutrition Canada National Survey. Amongst the widespread evidence of nutritional imbalance or inadequacy that was brought to light in that Report were the following. Many Canadians (none, I hope in this audience) were overweight—some dangerously so. Some, particularly women and infants, suffered from a deficiency of iron in their diets. Pregnant women and older persons exhibited protein deficiencies and practically all adults, but particularly young and pregnant women, consumed inadequate amounts of calcium. In addition, all groups consumed less Vitamin C than is recommended by the Canadian Dietary Standard. In the report we issued yesterday, we have been able to include bar charts showing the deficiencies being experienced by different groups in the community. These are very telling, showing how some groups are very deficient in very vital nutrients. I hope that these facts will be brought to the attention of all Canadians.

The burden of these conditions is, in terms of human disability and suffering, borne by the individuals themselves. But the dollar costs are shared with the taxpayers. Total health care is now costing Canadians something like seven billion dollars a year. Of this, close to one billion dollars may be associated with nutrition-related health problems.

Big as is our health bill, our national food bill is even bigger. As of 1974, we were spending, on average, more than six hundred dollars per year to feed every man, woman and child at home. In addition, we spent another $125 per capita to eat in restaurants. Adding that up for Canada as a whole, you have $16.5 billion in spending on food and non-alcoholic drink. Food is big business. It touches the lives of all of us as consumers, and many of us as producers, processors and distributors.

We do not know precisely how people currently are allocating all that spending as between milk and soft drinks, between ground chuck and frozen beef dinners, between lettuce and tomatoes or pecan pies. From the point of view of nutrition, there are vast differences among foods and, for this reason, the Food Prices Review Board has taken more interest in some foods than in others. From the time of its appointment the Board has been particularly concerned about prices for basic, staple food items.

For many months, and particularly since the issuance of the Nutrition Canada National Survey in November 1973, the Board has paid special attention to ways in which it can help Canadians to stretch their dollar as far as possible in terms of nutrition. With this objective in mind, the Board prepared, and released only yesterday, a report on how much it costs Canadians to purchase a nutritious diet, one built up from basic, staple foods. This has involved us in a lot of work and brought us into contact with nutrition and home economics experts throughout Canada.

Let me tell you how we tackled this study.

To begin with, we had to decide on the standard group or family to be fed. The average family size in Canada is 3.7. Undoubtedly, that seven-tenths of a person would require a special diet, so we decided not to go with the average but, instead, to a four-person family: a man, a woman, a teenage boy and an elementary school-age girl.

With the assistance of our nutrition and home economics advisers we set out an eating plan which would provide an adequate supply of the nutrients which the reference family required. From the start, we insisted that the foods containing those nutrients be ones that are familiar and commonly available in the major urban centres of Canada. There seemed little point in putting together a food basket that nobody would recognise.

We were already walking the aisles of the nation's supermarkets, in connection with our regular, up-to-date food pricing and monitoring programme. This permitted us, without extra expense, to cost our nutritious basic diet. The cost varied from one part of Canada to another, tending (as is often the case), to be highest in the far-west and the east, and lowest in the central regions.

Two thousand dollars—that sounds like a lot of money; and it *is* a lot of money for most Canadians. However, we are, in fact, spending much more than that—as much as 50% more than that on the average, on food and non-alcoholic beverages, at home and away from home, each year. And it would appear that although the average family of four spent three thousand dollars on food in 1974, it still did *not* get the nutrition it needed.

Why not?

The reasons are many. Large numbers of Canadians know little about nutrition. For many of us, food is merely something that we eat, sometimes at leisure but often on a quick-lunch basis. But food is really much more than that. Most of us spend too much on food because we do not plan our meals as well as we might, or do not shop as carefully as possible. But the chief reason why we spend too much is because we eat too much of some foods and not enough of others.

The most serious cause of costly imbalance in our national diet lies in the fact that the diet of the average Canadian has a much higher proportion of meats than is necessary. The meat and alternate groups of foods use up about 40% of our food dollar but, according to the nutritious food basket the Board designed, this share could be only 25%. In contrast, we Canadians are spending too little on fruits and vegetables—less than 20% of our food dollar when we should be spending as much as 30%.

Within food groups, there is considerable diversity of cost per unit of nutrient sought. A gram of protein, for example, costs you a cent a pound when you eat turkey, and almost three times that when you eat sirloin steak. A milligram of iron costs you about three cents when you eat beef liver, but twenty cents when you eat sirloin steak. Knowledge of the nutrient content and cost in different foods allows the careful shopper to get maximum nutrient value per dollar spent. This point was very much in the mind of the Board when preparing our recent report.

Not only do we often fail to buy the food that provides nutrients most economically, we also spend many food dollars on things we do not need at all. One has only to look at the soft drink and confections sections of our supermarkets to see the way in which these add to many grocery shopping baskets. Yet such products provide us with little more than calories, which most of us always absorb to excess. The Nutrient Canada survey pointed out clearly that for large numbers of Canadians, overweight is a problem of major proportions—no pun intended!

Nobody should be telling us what to eat. What we buy, and what we do with the things we buy, is in the last analysis our own business. In a free market economy, consumer demand will always cause some products and services to be widely available in the market, and others not. The market system has proven its effectiveness in allocating resources and maximising productive efficiency even though we may not always agree with the desirability of the things produced and sold.

But our individual freedom to buy and eat as we please has consequences for our health, for which the nation has accepted a collective responsibility. Every one of us wants to minimise the hardship and grief attributable to nutrition-related health problems among our own family and friends. As taxpayers, all of us want to keep health care expenditures as low as possible.

All this points to the need for governments, and for government agencies like the Food Prices Review Board, to provide information to all Canadians on what a nutritious diet is, and what are the consequences of our failure to eat properly. That responsibility must be exercised from the earliest days of a child's education and the message made clear in numerous different ways thereafter. Some food processors and distributors have already taken initiatives in the nutrition education field that are highly commendable. The Montreal Diet Dispensary, the Social Planning Council of Metropolitan Toronto, many provincial departments of Health and Welfare and of Agriculture, and university faculties of nutrition and home economics have all done excellent work in this area. Health and Welfare Canada has also been active in nutrition education with such things as including readable and attractive brochures with Family Allowance and Old-Age Security cheques.

But whether all of these efforts are enough can only be judged by the results they produce. The existence and persistence of nutrition problems indicates that governments and government agencies have not yet done enough.

Most Canadian families can afford, many can well afford, the basic nutritious diet such as our Board has provided and priced, but there are those who cannot afford it. Of all the four-person families in Canada, which were the particular target group in the report, the proportion who cannot afford the Board's nutritious diet was almost 10%. We have recommended that the nutrition needs of those with low incomes be given adequate consideration in the Federal-Provincial social security review now underway.

The factual conclusions of the Board's recent report can be summarised in two sentences. We Canadians are spending sixteen billion dollars to feed ourselves and almost seven billion dollars to care for our health, largely for treatment rather than for prevention. And both of those figures are higher than they need be. The majority of Canadians *can* afford a nutritious diet, can reduce their spending on foods and beverages, and *can* improve the nutritional quality of what they consume. The final responsibility to do so lies with us. So let's do something about it!

In short, ladies and gentlemen, why not?

The official thanks of The Empire Club of Canada were expressed by Mr. Sydney Hermant, a Past President of the Club.

MARCH 6, 1975

The Ontario Securities Commission 1975, and the Years Ahead

AN ADDRESS BY Arthur S. Pattillo, Q.C.
CHAIRMAN,
ONTARIO SECURITIES COMMISSION

CHAIRMAN The President,
Sir Arthur Chetwynd

SIR ARTHUR CHETWYND:

Distinguished guests, ladies and gentlemen: Our speaker today is Arthur Sydney Pattillo, Q.C., Chairman of the Ontario Securities Commission. I feel more than a little out of place in introducing a man of Mr. Pattillo's sophistication in a field that is largely a mystery to me. For I have no stocks and bonds, except for a couple of shares in my relatively small company which I have insisted on, over the objections of our two vice-presidents, my wife Marjory and my elder son Robin, in order that I might gain entry to our annual meeting!

I feel a little like the man who was killed by a circular saw. In his obituary it was stated that he was "a good citizen, an upright man, and an ardent patriot, but of limited information regarding circular saws!"

I do feel that our system of what I call "co-operative free enterprise" is still a very good system. By "co-operative free enterprise" I mean that we still are able to practise free enterprise in the business community—at least theoretically—but at certain stops along the way (and they are growing in number) we must *co-operate* with government or the creatures of government. The Ontario Securities Commission, it seems to me, is such a creature.

I have enough business experience to know that a business enterprise moves through three phases: survival, profit and expansion. Sometimes it oscillates from one to the other. Speaking of my own weird kind of industry, I can tell you that at the present time, in the Canadian motion picture production industry, of which I am a small part, most of its members spend their lives sliding between the first two phases—survival and profit. Personally I count myself an expert in the first phase! This year marks my twenty-fifth year of survival in a vocation where our mottos are "You do not have to be crazy—but it helps," and "This is a non-profit business, but it was not planned that way." As soon as my term as president of the Empire Club is finished in April, I will begin on the second phase and will be pleased to report to you after another twenty-five years —probably posthumously!

Profit is essential to our system of doing business, for it has to be sufficient, first of all, to replace and modernize plant and equipment to keep it efficient and productive; to pay salaries and wages which will compete in the manpower marketplace; and finally to pay a return on investment that will enable it to attract capital in the money marketplace.

The Ontario Securities Commission oversees a great part of that "money marketplace", at least from the standpoint of stocks and bonds, as 70% of all trading in stocks and bonds in Canada takes place in Ontario. I gather that it is Mr. Pattillo's role to see that our system works in a way that will serve the business community and, indeed, the community at large, without denying the real need for risk capital, and without shutting the door to high reward, as long as it is accompanied with exercise of due responsibility.

There is a saying that "riches are no menace, as long as we do not divorce dollars from sense!" That's spelled S-E-N-S-E.

Our speaker's education, training and experience fit him eminently to carry out the responsibilities of his current task. He was born in Nova Scotia—a "bluenoser"—as at one time were the majority of our chartered bank presidents. That part of the country has a tradition for turning out men who have moved to the highest offices in Canada's financial community.

He was educated at King's College, Windsor, Nova Scotia, and at Dalhousie University. He was called to the Bar in Nova Scotia in 1933; in Ontario in 1945; in Alberta in 1960; and in Manitoba in 1965. He has been a director of a galaxy of Canadian corporations. He is a Trustee of Sunnybrook Hospital, and a member of the board of the Fathers of Confederation Memorial Building Trust. He was appointed a *K.C.* in 1950. We've got so used to "Q.C." that perhaps we have forgotten that back in 1950 it was "King's Council".

Mr. Pattillo has also served as chairman of the board of governors of the Canadian Tax Foundation. He is a Bencher of the Law Society of Upper Canada, and was president of the Canadian Bar Association in 1969 to 1970.

Since 1944, he has been a member of the distinguished law firm of Blake Cassels and Graydon of Toronto.

He was appointed to his present position as Chairman of the Ontario Securities Commission in September, 1974. It is interesting to note, regarding the Ontario Securities Commission, which was founded in 1928, that of its eight previous chairmen, two of them were presidents of The Empire Club of Canada. The first, the late Right Honourable George Drew was president of this club in 1932-33, and Lieutenant Colonel Ted Royce who is at our head table today, was president of the club in 1965-66.

When we have a guest speaker from such a high and distinguished echelon of our society, it is difficult to refrain from mentioning some of our own who have also been there (I hope you will excuse the commercial, sir), in the very human hope that some of the aura which our guest's presence generates will rub off on us!

It is with very great pleasure that I introduce to you, speaking on "The Ontario Securities Commission 1975, and the Years Ahead", Mr. Arthur Pattillo, Q.C., B.A., LL.B., LL.D.

MR. PATTILLO:

Mr. Chairman, ladies and gentlemen: I am very grateful to you and to my predecessor, Mr. Royce, for making it possible for me to speak to you today. My subject is the Ontario Securities Commission and the problems it has before it in this current year 1975.

Exactly six months have elapsed since I became Chairman of the Commission. I could outline to you the changes that I have made in its personnel and in its physical layout. The main hearing room and the reception area, when completed, will be very substantially altered. As of the middle of January, we obtained a new director who is in charge of the day-to-day operations. We are completely revamping the old investigation section and converting it into a new enforcement and compliance section under the supervision of a new deputy director. In this new section, we are proposing to have two able young counsel and four outstanding young accountants on a two-year staggered contract basis. We have taken steps to enlarge and improve our filing or prospectus section. Under the deputy director of this section, we propose to develop an improved financial surveillance and insider reporting division.

I do not propose to speak further about these changes because I recently did so before the members of the Ticker Club. The subject of personnel at the commission is not a joke which bears repeating.

What I want to talk about today are some of the problems that have already been identified and that must be dealt with by the Commission and by the securities industry in this year 1975. I wish to briefly indicate how we propose to cope with some of these problems.

I realize that the members of the Commission have no crystal ball and that situations are changing so rapidly that even the Minister of Finance admitted in February that the assumptions made for his November budget were not as accurate as they might have been. Nevertheless, the rapidly changing times can only affect remedies or solutions. They are not going to solve the problems which are before us or are on the horizon. At least I do not think so because I do not believe in miracles. I am afraid I do not share the view of some that future events, unguided and uncontrolled, will solve problems. Though I do not come from Missouri, before I accept such a philosophy, I would need to be shown.

What are some of the problems presently facing the securities industry and the Ontario Securities Commission which, I am sure you appreciate, must act as guardian of the investing public? Some are:

1. The introduction and implementation of a new Securities Act;
2. The utilization of the Stock Exchange for take-over bids;
3. The financing of exploration and development of mining prospects;
4. The management of mutual funds by brokers;
5. The asserted difference between dealing in commodities and securities;
6. The regulation of "puts and calls" (the so-called Chicago Board options);
7. The role of the mutual fund particularly as the underlying investment of registered retirement savings plans;
8. The accuracy of financial reporting;
9. The continuation of the fixed percentage fee structure on the exchange.

Time does not permit me to deal with all of these items, even if I was prepared to do so. Also, one of the matters I have mentioned is presently before the courts and is *sub judice.*

Two of the matters, namely, the financing of exploration and development of mining prospects and the management of mutual funds by brokers are to be considered at hearings of all persons interested.

The regulation of "puts and calls" is before the Exchange and the Commission is waiting to hear from it. So is the question of the utilization of the Exchange for take-over bids.

The role of the mutual fund, particularly as the underlying investment of R.R.S.P.s, is a matter of discussion between that branch of the ministry supervising insurance and trust companies and the Commission. Some financial institutions do not consider an R.R.S.P. unit a security. Whether or not it is a security will certainly have to be resolved in the forthcoming months.

I do not propose today to discuss the new Securities Act. You are all aware that Bill 75 was before the last session and that many briefs were received from those interested. Mr. Bray and his committee spent countless hours studying these briefs and making changes in the bill. In fact, the committee has spent more than five years working on the new act. We hope it will come before the Legislature early in the forthcoming session, and that the new act with regulations to implement it will be in effect before the expiration of the year. As you are aware, we anticipate opportunity will be given to appear before a committee to discuss the new act. Consequently, I prefer to wait until that occasion to say anything more regarding it.

This brings me to the first of the two topics I wish to stress today. The accuracy of financial reporting is giving the Commission, its financial advisory group and the Institute of Chartered Accountants a great deal of concern. In this day of uncontrolled inflation, can any person with confidence rely on financial statements which are based on historical cost and do not correctly reflect the rapidly increasing contingent liability for pensions. I laugh when I hear people say that so and so is an expert in reading a balance sheet—and that is apart from the fact that I have always considered an expert a son of a b.... away from home. Anyone who can read can read a balance sheet, but how many people know what is missing and what adjustments should properly be made in what appears.

All over Canada this month auditors are working on the financial records of corporations—verifying, questioning, cross-checking. For a great majority of corporations, this is annual audit time. Later, when the companies issue their 1974 financial statements, each will carry the statutory auditor's report stating that the statements were prepared "in accordance with generally accepted accounting principles".

It is not my intention to dwell on the many problems associated with generally accepted accounting principles. The subject has been debated in countless articles and seminars and I am told progress is being made. Suffice it to say that I am waiting for the day when rules are devised leading demonstrably to figures which companies, clients and outsiders can confidently use in watching over their own interests. I am waiting for the day when the language of accounting will reflect what actually happens to the financial affairs of companies as they go about their business.

I realize that the problems are so pervasive that no one group, no one profession, no one sector can possibly cope with these unilaterally.

However, may I tell you briefly what the Commission is doing in the area of accounting disclosure:

Pension Costs Accounting

Recent studies in the United States indicate that what was once viewed as a hazy corporate liability has become a very important element in the appraisal of a company's financial strength and long-range prospects. Pension costs are rising much faster than earnings and dividends. Similarly, pension fund assets are rising much faster than company assets. Current uncertain economic conditions make many companies vulnerable to any potential downturn in economic activity. Liquidity may well become a matter of serious concern. We think corporate pension costs represent one area warranting attention. The commission proposes to expand disclosure requirements concerning such costs.

Differential Disclosure

A new approach to disclosure is developing in the United States, emphasizing the needs of different groups of investors.

The concept of differential disclosure recognizes that the data needs of the average investor may be different from those of the professional analyst. It identifies the desirability of different levels of summarization in the presentation of financial results.

We are concerned that a disclosure gap, between information required in the United States and information we require, may be growing and we are taking steps to study these developments.

Financial Forecasts

The Select Committee on Company Law in its 1973 report on mergers, amalgamations and certain related matters, recommended that the Ontario Securities Commission institute a study of this matter with the accounting profession and members of the financial community, with a view to developing necessary guidelines and regulations which will require financial forecasts to be reported on by the auditors of a company.

As a first step, the Commission is in the process of finalizing a policy statement setting out guidelines for voluntary presentation by management of earnings forecast in take-over bids and amalgamations.

We are also having talks with the accounting profession to institute a long range study as recommended by the select committee.

May I now turn to my second topic, namely, the continuation of the fixed percentage fee structure on the Toronto Stock Exchange. Fixed percentage fees, wherever employed in our society, are like Topsy. They just grew, with no relation to cost and no relation to changing times and conditions. The results of percentage fees are dependent solely on values and volumes. They do not reflect effort or risk. That is why in times when the market is acting like a yoyo, it is a feast or a famine and the effort or lack of effort of the trader has nothing whatever to do with his financial returns.

Before expressing some views on the problem which I see facing the members of the Exchange and the Commission, I would like to briefly review the historical background of the last few years, both in Canada and in the United States. In December, 1972, the Toronto Stock Exchange filed with the Ontario Securities Commission an application for adjustments in the fixed percentage fees charged by members of the Exchange. Before this application could come on for hearing, it was completely amended because the proposal did not meet the approval of the members of the Montreal Stock Exchange, even though that exchange only does one quarter the business of the Toronto exchange. If this wasn't a case of the tail wagging the dog, I do not know what you call it. However, a hearing on the basis of this amended application took place in the late spring. The Commission in the summer of 1973 handed down its decision, in large measure approving of the fees sought by the Toronto Stock Exchange in its 1972 application. At the same time, the Commission deplored the lack of factual information, and directed that a careful study be made in the next two years so that future fees could be based on more accurate information and less speculation. The new fees adopted by the three exchanges, that is Toronto, Montreal, and Vancouver, came into being the end of November, 1973.

In January, 1974 the members of the Montreal Stock Exchange voiced their displeasure in the new fees, and as a result the Toronto Stock Exchange in July, 1974, came back to the commission with a proposal for substanital surcharges without adequate factual information to support the proposal. This application was withdrawn when the officers of the Exchange were advised as to the information that the Commission would require before proceeding to hear the application.

In October, 1974, the exchange came again to the Commission. There was no doubt whatever that practically all of the members of the Exchange were hurting and some of them were hurting very badly. Volumes were down; values were down. The two factors on which the fixed percentage fee was based were in decline. Although efforts were being made to cut costs, a lot of fixed or built-in costs could not be quickly adjusted. The famine was becoming more and more severe and it had been in being since the first quarter of the calendar year. Withdrawals, mergers, and close scrutiny of financial viability were the order of the day. The Commission this time granted the new application although it was by no means satisfied that a surcharge or an increase in fixed percentage fees was the answer to the problem. For this reason, and because of developments in the United States, which cannot help but have a serious affect on the operations of the exchanges in Canada, the Commission said that the new rates would only remain in force until this coming July.

Now what are these new developments in the United States and why will they affect the operations of the exchanges in Canada?

Since the Securities and Exchange Commission came into being in 1933, it has had the right to control the fees charged on the Exchanges in the United States. This right of the S.E.C. was not at first accepted, but ultimately the courts ruled that it did have the control.

The role of the S.E.C. in the United States is somewhat different to the role of the Ontario Securities Commission in Ontario. Our Commission is responsible to the Minister of Consumer and Commercial Relations and he, in turn, is responsible to the Legislature for our actions. In the United States, the S.E.C. is responsible only to Congress. Neither the president nor any of his officers can interfere with the operations of that body.

The S.E.C. for sometime has been considering whether fixed percentage fees charged by members of the exchange and, in particular, the New York Stock Exchange, are in the public interest. They concluded that they were not and that the public would be better served if the brokers charged negotiated rates. In other words, competition would be the order of the day and the survivors would be those who could satisfy the public that their services, at the amounts charged, were desirable.

The members of the New York Stock Exchange and, in particular, its board of governors, have had great difficulty in accepting this philosophy. Although they have been repeatedly told that the new competitive rates must be introduced by May 1st, I have been told by the best of authority that only a few members of the Exchange have taken steps to be prepared for this eventuality. The great majority refuse to believe that "D" day is rapidly approaching. What may happen when it arrives, time only will tell, but what does happen may have a very serious affect on the securities markets, as we have known them, both in the United States and in Canada.

To appreciate this, may I just take a moment to review the *raison d'être* of the Exchange. It came into being in the 18th century because persons who had securities to buy or sell wished to have an auction market to facilitate such trading. Over the years, it developed so that today it exercises the function through trained and skilled traders, providing the place for the purchase and sale of securities of issuing companies which have met certain qualifications. Up until the end of the last war, the great majority of the persons buying and selling securities and supporting the markets and the exchanges were individuals. Today the individual is playing a lesser and lesser role. Institutional investors, portfolio managers, pension funds, mutual funds, and their advisers and analysts provide the great bulk of the market. Many people believe that these persons no longer require an exchange to buy and sell securities. If this is so, will the exchange be able to survive if brokers are free to deal with these groups on terms that are not fixed but are negotiated? Many knowledgeable people will tell you that there is grave doubt whether the exchange can survive under such circumstances. Some members of the New York Stock Exchange are so convinced that trouble lies ahead that they have been pressing for rules to limit trading off the exchange.

Some people say that in this day of sophisticated investors and analysts, the exchange is no longer necessary. I do not agree. The so-called sophisticated investor has shown that he is not so all fired hot. One need only recall Atlantic Acceptance, British Mortgage, and Penn Central.

Personally, I think that it is in the best interest of the individual investor to continue the exchange. Some people would say that the mutual fund is the answer for the individual but surely the mutual fund is not the answer for the individual who wants to make his own decisions. Also, the investor, the entrepreneur, the prospector, who has worked hard, has a right to make his fortune if he can, and without the exchange and the free market, what chance has he?

If I am right and the exchange should survive and if the S.E.C. is right and fixed percentage fees are to be eliminated in the United States, what is the future of fixed percentage fees in Canada? How long can they be maintained if they are no longer in force across the border? It is interesting to note that the dollar volume of the New York Stock Exchange in 1974 was $99 billion. The corresponding figure for the Toronto Stock Exchange was $4.5 billion, and the figure for the Montreal Stock Exchange was $1.6. It is important not only to look at these figures, but to appreciate what percentage of Canadian business could and would move to the United States rather than through our exchanges if we continue to have fixed percentage fees higher than the negotiated charges in force in the United States. The percentage that would probably proceed from the Canadian markets is unknown, but it could be significant, as high as 28%. This could mean that the Toronto Stock Exchange might no longer continue to operate as it presently does. It might mean that it couldn't continue to operate at all, and that to survive you would find members negotiating rates and completing transactions off the floor. Is this possible result in the best interests of the investing public of Canada?

I have been endeavouring to point out the problem that I see confronting the industry and the Commission in a few short months. I have mentioned the attitude of the majority of members of the New York Stock Exchange. With their heads buried in the sand, they are only hoping that the rally of January will continue and that the S.E.C. will fade away and leave them alone.

What is the attitude of the members of the exchanges in Canada, particularly the members of the Toronto Stock Exchange? Are they thinking about the problem and doing anything about it? Or are they also hoping that a miracle will happen and fixed percentage rates will survive? Or, perhaps they are like the recently-purchased horse that ran into his new barn door on three successive occasions. The owner then got out to examine the horse carefully, only to discover to his horror that the animal was blind. He said to his groom who had purchased the animal, "Rastus, this horse is blind." "No sir," said Rastus, "he ain't blind. He just don't give a damn."

The time between now and July 1st alone will tell the viewpoint of the members of the Toronto Stock Exchange, because that day is "D" day in Canada.

Mr. Pattillo was thanked on behalf of The Empire Club of Canada by Mr. Robert L. Armstrong, Immediate Past President of the Club.

MARCH 13, 1975

Development Along the Polar Seas

AN ADDRESS BY Stuart M. Hodgson,
COMMISSIONER OF THE
NORTHWEST TERRITORIES

CHAIRMAN The President,
Sir Arthur Chetwynd

SIR ARTHUR CHETWYND:

Distinguished guests, ladies and gentlemen: Our speaker today, Stuart M. Hodgson, Commissioner of the Northwest Territories, is one of those Canadians whose daily life is spent in the work of trying to make the Canadian dream come true.

The great challenge of Confederation has been to stretch our relatively limited resources of manpower over the vast and yawning geography of our great country, from sea to sea, and from the 49th parallel very nearly to the North Pole.

Our guest speaker oversees that vast area which is one of the world's last great frontiers, stretching in almost unbelievable distances across the top of our country where the meridians of longitude narrow in, and are held for much of the year in the frozen grip of the Arctic.

There are one and a quarter million square miles of land mass in the Northwest Territories, with approximately 35,000 people scattered across seventy odd communities. Mr. Hodgson has stated that his over-riding aim is directed at establishing effective government in this huge northland, in a way which is beneficial to its own people, and to Canada at large.

He is affectionately known as "Omingmak" or "Musk-ox" by the Eskimo, which is placed by zoologists somewhere between the sheep and the ox. I had thought they had given him his name because at times he is as gentle as a lamb or as strong as an ox, according to the needs of the occasion! But the notes which he sent me say that his Eskimo name is attributed to his appearance!

However, perhaps "Musk-ox" is not altogether inappropriate as a name for our guest, as my encyclopaedia says that its range is now confined to the extreme north of the North American continent, it lives amidst deep snow of the most barren regions, and seldom survives removal for any length of time! (That's why he's going back on Saturday.)

Commissioner Hodgson was born and received his formal education in Vancouver. He spent a year and a half in the lumber industry before joining the Royal Canadian Navy in 1942. During his three and a half year career with the navy he was Petty Officer on board the HMCS *Monnow*, an escort frigate. The *Monnow* served on the Atlantic run, the Murmansk run, and on anti-submarine patrol around England, the English Channel, Iceland and Gibraltar.

On demobilisation in 1945, he returned to the lumber industry, where he became very active in labour union affairs, rising through the ranks to the point where he served on the executive council of the former Canadian Congress of Labour. In 1955 he was a member of that body's delegation to the fourth World Congress in Vienna.

In 1963 Stuart Hodgson was nominated to one of the five government-appointed seats of the then twelve-man Territorial Council. Fourteen months later he was named Deputy Commissioner, and in March 1967, in Canada's centennial year, he took over as Commissioner—at the age of 43. He is the holder of several wartime decorations. He was awarded a Centennial Medal, is an Officer of the Order of Canada, and a Commander-Brother of the Order of St. John.

The Commissioner's home is Yellowknife, the new and energetic capital of the Northwest Territories, where his wife Pearl and two children, son Eugene and daughter Lynn share his love for Canada's northland.

In reading about our guest speaker's work in the North, his policy seems to be based on hard work, open mindedness and gregariousness—involving the people—so that the real meaning of government may be understood, and its responsibilities borne by all.

In 1829, an eminent American lawyer and statesman, Henry Clay, who ran for the Presidency of the United States three times in his lifetime, is quoted as saying, "Government is a trust, and the officers of the government are trustees: and both the trust and the trustees are created for the benefit of the people."

I am most honoured to welcome and introduce to you a man whose life seems to provide a living illustration of this definition, speaking on the subject of "Development Along the Polar Seas".

Ladies and gentlemen, I am most pleased to welcome and introduce to you the Commissioner of the Northwest Territories, Stuart M. Hodgson.

MR. HODGSON:

Mr. Chairman, head table guests, ladies and gentlemen: I am always amazed and flattered at the very, very kind remarks that are said about me on occasions such as this. As you know I am a bit of a hybrid, something that is left over from a previous generation or a previous time, in that as Commissioner of the Northwest Territories I hold the office of that of a Lieutenant Governor, that of a Premier, and up until early this year that of a Speaker of the House. I am the full Cabinet. I also have the distinction of being the ombudsman for the North and I can assure you that as far as the Government of the Northwest Territories is concerned, there is never any disagreement amongst us!

In that role I find that I am a bit of a politician, a semi-politician. I have to be because of the varied type of responsibilities that I hold. I want you to know that on the political side it is very nice to hear nice things said about you. These days if you *are* in politics you never hear anything nice about yourself and I think probably that is why we come to functions such as this—to hear the Chairman say such wonderful things.

Seriously you do the Northwest Territories a great honour by asking someone from that area of Canada to come and speak to you here today.

I am an off-the-cuff speaker. I very, very seldom prepare any notes and certainly never read a speech. My wife tells me that perhaps that is why I get myself into so much trouble. Before I left home she insisted that I write a speech. I didn't want to, and so we compromised and I made some notes, but she is not here so if I don't follow them, and you don't tell her, then I think everything will work out fine.

During the past several years there has been considerable attention focusing on the North, particularly in North America, because of the tremendous activity in the Mackenzie Delta, the Beaufort Sea and the Arctic Islands in the search for new energy sources for Canada and of course more recently because of the applications by the Canadian Arctic Gas group to build a pipeline from Prudhoe Bay into Southern Canada. There is also the application by the Foothill Group, out in Alberta and British Columbia, and this has focussed a lot of attention on that part of our country which up until a few years ago was literally unknown.

While some Canadians know about the North, there are very few of them that know anything about the Polar seas and the lands that border on that vast area. I count myself in that category of knowing very, very little about it. The area that I suggested is the area bordered by countries such as the Soviet Union, the Scandinavian countries—Norway, Sweden, Finland and Denmark—the United States of

America, Canada, and to a lesser degree Japan. It is a very, very interesting area and it is something that I believe you and I should learn a little more about, not Canadians in the 21st Century, and not our children in another decade, but *you and I* because it is real and it is becoming more and more important every day.

I do not suggest that you should all go out and buy a parka and put on a pair of mukluks and come North, anymore than I would suggest that all Northerners should suddenly come to Southern Canada. If all our people came down to watch a Grey Cup Game out at the C.N.E. during the football season, the place would be depopulated, and by the same token if the audience that was watching one of those Grey Cup spectaculars suddenly decided to come North you would double our population in one fell swoop!

As far as the countries that border on the Polar seas, I doubt if anybody really knows for certain which area was populated first. The people who study climatic conditions and such things tell us that the last Ice Age certainly was not the first time that an Ice Age had been experienced in the world. But it is the last Ice Age that is perhaps most important to us. I believe that what must have happened was that the climatic conditions of the Ice Age were much kinder in Asia than in North America. I believe what really happened is that ice extended far down into North America. Probably the Scandinavian countries, England, and parts of Europe were completely covered. As the ice receded, the people following the game must have moved up and that is how parts of the Northern Hemisphere became populated. There can be no doubt about it that the early Asiatic people, moving up through Asia to the northern part of what is today called Siberia, must have followed the animals across the land bridge which at that time connected North America to Asia. That could have been forty thousand years ago or it could have been fifty thousand. It really does not matter, it was a long time ago.

Those early Asians who came down through to Alaska, followed the coast and perhaps went down the Rocky Mountain Trench into the Great Plains. They may have even gone as far as South America. They were the first people since the Ice Age to inhabit or to come to what today is North America.

The people in Europe might have been, because of climatic conditions, a little behind, and I suppose the first people that came to the northern parts of Europe may have been from what is today Russia, I would suggest the western part of Russia. These became known as Laplanders. They were followed by other people perhaps from the Mediterranean area moving north, and the Germanic people who perhaps became known as Vikings. They were very, very colourful people, and they of course are well known for their tremendous voyages of discovery all across the Old World.

I think the interesting thing to note about all of this is that those early people that came to North America were not farmers. They were essentially hunters. There was no real reason for them to be farmers because there was an abundance of game and birds and fish, so there was really no reason for them to go into agriculture. As a result, their way of life became very different from that of those who came from the European part of the world. The European people, of course, were soon to discover farming and soon to base their whole existence on this type of life.

It is interesting to note that the Indians—and I am sure that is what we call them today, the descendants of the Indians—were next followed by Eskimos who probably came about ten thousand years ago. They came right across northern North America. Five thousand years later they were probably followed by another wave, and the last wave came through about a thousand years ago.

It is interesting also to note that Japan (although Japan is not considered a country that is on the Polar seas) is made up today of four main islands. I was very surprised when I visited there last year to find that Japan really only began to colonize the northernmost island of Hokkaido in the 1800's, and just a couple of years ago the province or state of Hokkaido celebrated its hundredth anniversary of statehood and being considered part of what today we call Japan.

I think that is about all I need say about the early part of the history or pre-history of the northern parts of our world. By saying that, I think it gives you some idea of those early people, how they got where they are today, the circumstances or conditions that those who came much later found, and the reasons why today we perhaps have some difficulties of communication and some difficulties of understanding.

The first real northern explorer was Sir Hugh Willoughby. He was looking for the passage to the fabled Orient, so that he would have a safer route, where he would not be troubled by the Spanish navy and the Portuguese navy. The world was pretty well divided about that time. He decided to look for the northern passage through to China. In 1553 he commanded an expedition of three ships. The chief pilot was Richard Chancellor, who commanded the *Edward Bonaventure.* They went up around Norway, and found themselves in what today is called the White Sea. Willoughby's passage was blocked because of an island and ice conditions, and he and his men died. But Chancellor, who became separated from the other ships, landed at Archangel and went down to Moscow by sled and met or was introduced to Ivan the Terrible. From that meeting the British Government formed the Muscovy Company trading into the regions of the north. It was one hundred years later that the Gentlemen Adventurers trading into the Hudson Bay were formed into what today is called the Hudson's Bay Company.

We had many great explorers in the Arctic. I am a student of those early explorers, and I never fail to be amazed and impressed by the tremendous courage that it must have taken to sail in those vast Arctic reaches, never knowing where they were going, and when they got there they didn't know where they were! And, of course, like Christopher Columbus, when they got back they had no idea where they had been or what they had discovered. The people that lived there didn't know they were being discovered because they had no idea that they were lost!

The history of the pushing back of our northern frontier, or the voyages of discovery into the Arctic, were largely to find a safe passage, the northwest passage through to the Pacific, and it was also to utilize and to trade and to take advantage of the tremendous furs that were in abundance in North America at that time.

The funny part of it is that this is exactly what was happening in the East because that is what the people who inhabited that area along the Volga River were doing also. The people of Russia, before the 16th century, had never been east of the Urals, and yet when they started they moved with a rapidity that equals only what happened here in North America. Incidently, it is just as colourful, and it is fascinating to read the tremendous exploits that were performed by some of those early people from Europe and from Russia that were moving out into Siberia on their way to find the coastline that bordered on the Pacific Ocean. It is interesting to note that it was just as bloody as some of the situations that happened down in the United States, with the conflict between the two cultures, the two different languages, the two different ways of life.

History will tell you that at one time the Russian forces were engaged by the Chukchi, that is a group of native people that are in far Siberia. Believe it or not, their comrades-in-arms, the North American Eskimos, crossed back over to Siberia to come to the aid of the Chukchi in turning back the invasion of the Russian people. Of course the onslaught kept coming on, and it was not long until by the 17th century the Russians had reached the Pacific, they had colonized Alaska, and they had established posts as far down as just fifty miles north of San Francisco.

This all played a part in the opening up, as we understand it today, of the Polar seas or the Northern Hemisphere of the world.

Now I have told you a little bit about that time. What is the situation today? Well, the situation today is much different. In Alaska they have found tremendous resources, and it is perhaps now the richest state in the Union: gold, metals, minerals, oil and gas far greater than has been found anywhere else in North America. They have gone through a painstaking soul-searching agony of trying to work out the differences that exist between the people in that area, and finally they have made the decision that they would tap those energy resources and bring them in to market. And that is the Prudhoe Bay to Valdez oil pipeline that is now under construction.

In the Soviet Union, they have found in deepest Siberia fantastic wealth—of minerals, metals, forest, fish, oil and gas—perhaps more than we have here in North America. As a matter of fact they have even found vast diamond mines in the area just west of Irkutsk. When I was there a couple of years ago I was amazed at the quality and quantity of diamonds that they were mining from that part of the U.S.S.R.

In the Scandinavian countries we find the situation a little different. While Sweden is certainly the leading country at the present time as far as resources and agriculture are concerned, that may very, very soon switch if the Norwegians are successful in their endeavours to tap the vast oil potential that seems to be in the North Sea and on the continental shelf that borders on Norway. Finland is a land of lakes. There are about fifty thousand of them. They have a wealth of water energy but the land is very, very poor. They have a little bit of coal, and a little bit of oil, and although the soil is very, very poor for agriculture, 30% of the people in Finland are on farms and contribute to agriculture.

But what of the original people who came there first, the

Laplanders? There are over 30,000 of them. There are 20,000 in Norway, there are 8,000 in Sweden and about 6,000 in Finland. It seems that only the Norwegians see the gaps in communications and culture and are putting together programmes which would involve the people in that area, and help them in their adjustment to the 20th century. As for the others, they have other ways of dealing with it.

Now Denmark . . . I do not wish to get into a discussion on Denmark, but I do wish to comment on Greenland because it is a very, very interesting part of the North and there we have probably one of the largest concentrations of Eskimo people, the Greenlandic people. The whole area is covered by a vast glacier. They tell me the ice is about two miles thick. Clustered around the coast areas of Greenland you find the Greenlandic people. It is interesting to note that in that area the population, such as it is, is around about 50,000 people and 50% of those people that make up the population of Greenland are fifteen years old and under. In the Northwest Territories, with a population of about 40,000, 50% are under twenty years old. This gives you some idea of the similarity, some idea of what has happened in this area since the modern world has moved North.

Greenlanders are mostly supported from the sea, from fishing, a little bit of hunting. Of course there is Cominco's Black Angel mine that is operating at Nanortalik on the western side. The people from west Greenland, incidentally, speak the same language as the people from Alaska, and the people from east Greenland speak the same language as those in our eastern Arctic.

In Canada we have the vision of Mr. Diefenbaker. He was right. There is no question about it. There are tremendous resources in the northern part of our country, and whether or not we are ever able to unlock them depends to a large degree on the leadership of government, the ingenuity and technology of business and management, and the support, of course, of the people who live in that area.

You do not measure the North by temperature or by wind, you measure it by the tree line. If you look at the map you will see that the tree line in Europe and in Asia is much further north than it is here in the northern part of North America. As a matter of fact the tree line starts in Alaska, comes down around Churchill and goes over to Nouveau, Quebec, or to Ungava, and all that area north of there is really what we refer to as the Barren Lands.

It was always a great ambition of mine to be able to look at the Arctic Ocean from Europe and from Asia. I had been in the area during the war on the Murmansk run, but that was under different circumstances and the hostilities were at their height—there was not much time for doing any sightseeing. I might tell you that on a trip to the northern part of Siberia we were just forty miles away, so I said to our Russian host, "Gee, I would like to see the Arctic Ocean." He said, "Haven't you ever seen it before?" "Oh yes," I said, "I've seen it many times, but I would like to go up and see it." He said, "I am sorry you can't go there." I said, "Why not?" and he said, "Because it is our frontier." "What do you mean 'your frontier'?" I said. "Well", he said, "we have to protect ourselves from our enemies." "Enemies?" I said, "Who are your enemies?" He said, "Whoever is on the other side of the Arctic Ocean." I thought . . . that's me!

I haven't said much about Iceland. Iceland, as you know, is a republic and as a republic their destiny is really in their own hands. The whole part of Iceland is in the northern part of the Atlantic Ocean. I can't *really* compare the Russian system with the North American or Western system, to gauge with any degree of certainty the advances that have been made. But I am going to take a crack at it, and say to you that I think perhaps the Alaskans are the furthest ahead. I say that because they have statehood, they have all of the types of government that you and I understand. They have an elected Governor, an elected Vice-Governor, an elected Secretary of State, and a Cabinet.

They have their own senate and they have their own House of Representatives. They are moving along very, very well. I would suggest that Canada comes next. The Territories have a quasi-provincial type of government. They do not elect their Commissioner either in the Yukon or Northwest Territories, but they have their own Council elected by themselves and they have the power of passing on legislation that effects the Northwest Territories, the same as a province, and they have the right of voting on the budget. If it is decided that we will spend $20 million on the Territories this way they have the right to say "Yes" or "No".

The situation to the east, in Greenland, has slipped a little behind and federally the major powers still rest with the government at Copenhagen. On the other hand, I must say that from a point of view of development socially I think perhaps the Greenlanders may be a bit more advanced than we are.

The big thing to me is the future, and as I see it our northern destiny lies just a little ahead of us. It may be twenty years or it may be thirty years or it may only be ten years. Nevertheless, it is in sight and I believe that as the years go by more and more people will go North. They will go there because it is a frontier country, a frontier area, and you are less bothered about whether the Spadina Highway goes through, or the problems on the waterfront—things of that kind. They do not seem to really have the same meaning to you in the North as perhaps they have down in the South.

I would point out to you that the North is no longer independent. It is very dependent on what happens to world conditions. If the decision is made to increase the price of fuel oil or petroleum products in the Middle East it affects us very, very much, because within a matter of days our prices are affected and our cost of living has to adjust to it. I believe that this is inevitable because there are only a few independent people left in the world today, people who are not affected by what happens outside. As the world gets smaller and the frontiers are pushed back they lose their independence and become part of the world as we live it and as we understand it.

I feel that this is inevitable, that it is going to happen, and that we must come to expect it and we must come to live with it. Still, the North is a fine place to live, and a good place to bring up your children because I think they have a better chance than they would have in some of the urban areas. I must confess to you that I have had very little education. I have no university degrees. As a matter of fact I do not even have a high school degree. I was part of that generation that was caught by the depression and when I was seventeen years old I was overseas in the Navy and missed a part of what today is considered the growing up era. It left me with a marked impression and I realized from that experience that it is important that we are aware of everything that is happening.

My father was born in this province, as his father was before him, and I think perhaps that gives me a little licence in speaking to you here in this great magnificent city of Toronto. Toronto is, in my opinion, the leading city in Canada. Certainly more decisions that affect Canada are made in Ontario than anywhere else in Canada, and it is important to me that you know a little bit about how the rest of us feel and you have a little better understanding of what we think and how *we* see our place in Confederation and how we see our place in Canada.

I believe that the Polar countries are on the move. We cannot ignore it and we have to move also if we are to keep abreast with the world today. The only thing that I advocate is that Northerners must have a greater say in the make-up of what happens in the North as it affects Canada and Canada's destiny. This is what I argue for, and this really is what the pipeline hearings are all about. It is not that the companies have done anything wrong. They certainly haven't. They have spent $60 million and really haven't put their first shovel in yet. It is not that the government did not do the right thing, but it has to give the people of the North the opportunity of having their say. It is a very fine and democratic system that we have in Canada today, and so the people of the North must have their say. Once they have it, then I am certain that whatever the decision is that they will be a part of that decision and they will live with that decision.

In the North there are *two* norths. There is the old way and the new way. It is going to cost you some money yet before you are finished, because I suggest that the rest of Canada is going to have to continue to support the development of the North for some years to come because it is not possible to jump from pre-history into the 20th century in one generation. For some time to come our people will be moving into the 20th century, into the same type of environment that you and I understand, but they will also want to be a part of the old environment and the old ways of life and bit by bit they will adjust.

My second point is that I plead for patience, I plead for support and I plead for your understanding of the ways of the people of the North.

Finally I would say to you that I think Canada is a fantastic place to live, and while I live in the North I am a Canadian first. I want to tell you that the people up there are moving along splendidly. Recently we had our Council election. That is the legislative body of the Northwest Territories. All members of the Council are now elected. Out of fifteen constituencies, nine native people were elected. I am pleased about that and I am proud of it and I am very proud that I had a part to play in that. I am very proud that I was the first one that went up there and said to the people, "You have a part to play too." Some people say, "My God, the natives have the majority of the territorial council. What is going to happen now?" Well, why not? The majority of that area is made up of native people. I think this is good, because if you are going to live in a society that operates on the norms of a democratic system it is better if the people are part of it, and inside it, and working with it, rather than left out in the cold not knowing or understanding or not having any idea or say as to what is going to happen for their future.

Well, I have gone as far as I should go. Mr. Chairman, you and the people here have been very kind to me to hear my views. I am really nobody to come down and try and tell you people here in Toronto anything, but I do appreciate the opportunity.

This next month we are going to have the very great honour of having Prince Charles, the Prince of Wales, come to the Northwest Territories for about a six to seven day visit. I am a monarchist and I make no bones about it. I believe in the constitutional monarchist system. I am very proud of the Queen and the Royal Family, and when I look at some of the problems that happen in the world today it is very comforting to me, and I am sure to many Canadians, to have standing aloof from these problems the Royal Family. I will be very delighted to take His Royal Highness, who last visited us in 1970, through the Arctic and show him the changes that have taken place.

I would be the first to concede that we have problems. We have lots of them, but the main point is that we are working together trying to find the solution to these problems, not just to make it better for *us* but to make our contribution in making Canada a better place in the world and a nation of which we can all be very proud.

I thank you very much.

Commissioner Hodgson was thanked, on behalf of The Empire Club of Canada, by John Fisher, 1st Vice-President

MARCH 20, 1975

International Understanding, a Working Model

AN ADDRESS BY Jack E. Matthews,
DIRECTOR, LESTER B. PEARSON COLLEGE OF THE PACIFIC

CHAIRMAN The President,
Sir Arthur Chetwynd

SIR ARTHUR CHETWYND:

Distinguished guests, ladies and gentlemen: We are extremely pleased to have as our guest today Mr. Jack E. Matthews, Director of the Lester B. Pearson College of the Pacific.

In a December issue of Weekend Magazine, there was an interesting article on the college written by John Aitken entitled "The School that Poisons Prejudice". We live in turbulent times. Internationally, nationally, even within our own community, our social and economic structures are creaking and groaning under all kinds of stresses. As the collective and individual race for the golden idol of materialism gathers increased momentum, so grows man's inhumanity to man. Prejudice is one of the nasty social spin-offs of the frailty and selfishness of we humans.

Jack Matthews, as the head of the very new Lester B. Pearson College of the Pacific, together with his staff and I hope the students, have accepted an enormous challenge in trying to teach and to learn how humans regardless of colour, race, creed or station in life can live with tolerance, understanding and respect for each other.

We are particularly privileged that Jack Matthews accepted our invitation to be our guest today and to use the forum of The Empire Club of Canada to make his first major address of this kind in Toronto, and to bring us a progress report on the work of this small but most important contribution to world understanding, less than a year since its official opening.

The Lester B. Pearson College of the Pacific is a high adventure in education for young people of high school age —young people from a multiplicity of nations who study for an international baccalaureate degree, at the same time involving themselves in a broad extracurricular life which can include sailing, scuba diving, mountain climbing, and volunteer work among the needy of the community.

Pearson College is the third of the United World Colleges to open, following a sister institution, the College of Southeast Asia, which opened in Singapore last year. It follows the original concept of Atlantic College which had its beginning in 1962 in Wales. The late Lester Pearson visited Atlantic College. He called it the most inspiring academic environment he had ever seen and joined the effort to establish a similar college in Canada, which has now become his memorial.

Students drawn from all over the world, at present, about 25% of them from Canada, are given a two-year immersion in education designed to stretch both mind and muscle and to draw closer to their neighbours in a shrinking world —on the premise that although you may not love people you know well, it's very difficult to hate them.

Over two thousand teachers, many with already distinguished careers, applied for the twelve teaching positions at Lester Pearson College, knowing full well that they would be signing up for the kind of a teaching job that would involve them with their students around the clock, and without pay for overtime as far as I know.

Aristotle once said: "All who have meditated on the art of governing mankind, have been convinced that the fate of empires depends on the education of youth." In a potentially explosive world, there is much lost ground to be made up in the bringing together of the youth of all nations, hopefully in an accord based on principle rather than power. One might well despair of our achieving this ideal in time, but it is encouraging to know that we *are* doing something about it in Canada and that our effort is headed by such an enthusiastic leader.

Jack Matthews was born in Peterborough, Ontario and graduated from the University of Western Ontario, taking Pre-Medicine, followed by Arts and then post-graduate Business Administration. At Western he played championship football and basketball with the Mustangs, and used to pound the dickens out of the Varsity Blues when I was teaching there. This is the first time I've had a chance to get even with him. So he has learned something about "knocking heads", both mentally and physically.

He spent some time in the world of business, and then from 1952 to 1958 he taught Chemistry and Physics at Lakefield College, Peterborough—rising to Assistant Headmaster and Director of Studies, which post he held from 1958 to 1962.

The school year 1962-63 was spent at the famous Gordonstoun School, Scotland, which most of us will remember was the school attended by Prince Philip and by his son, Prince Charles. During this period, Mr. Matthews was able to study not only Gordonstoun, but the British public school system and particularly the educational philosophy of Dr. Kurt Hahn, founder of Gordonstoun, the Outward Bound programme and the United World Colleges. From 1963 to 1971 he was Headmaster at Lakefield College School. In 1971 he was made Executive Director of the Canadian National Committee of United World Colleges and director-designate of Pearson College. He succeeded to his present position as Director of the Lester B. Pearson College of the Pacific in 1974.

An ancient definition of education was this: "The process of driving a set of prejudices down one's throat." It is significant that today, on this occasion, we can introduce a man as the head of an international school whose aims are the exact opposite of that stifling exposition.

Perhaps our guest would agree with Leonard Brockington, late Rector of Queen's University, and probably the most eloquent Canadian of my generation, who said that the best definition of education which he had come across was this: "Education makes the gift of life more precious and men more worthy of the gift." For in reading of Pearson College it would seem that with our guest's example, the young people fortunate enough to attend will be stretching the parameters of their experience in a manner that can only make the gift of their lives more precious and make us all more worthy as citizens of the world.

Ladies and gentlemen—speaking on the subject "International Understanding, a Working Model"—the Director of the Lester B. Pearson College of the Pacific, Mr. Jack Matthews.

MR. MATTHEWS:

Mr. President, members of the Empire Club and guests. Thank you very much for the introduction. You reminded me a little bit of a minister that we had in Peterborough. We called him Reverend Whitewash Jones. This minister buried some of the wildest reprobates in Peterborough with such eloquence that they went into the ground as white as the driven snow. I was thinking of Sir Whitewash Chetwynd!

What I would like to do is go right back to the beginning of the United World Colleges idea. I would like to tell you how it began, and then tell you what is happening out on Pedder Bay, eighteen miles from Victoria on Vancouver Island.

In 1958, the NATO Defence College was in Paris and had a visit from Kurt Hahn one evening to speak to the people there. The Director of the NATO Defence College could not help but be affected by the way these men (thirty-five to forty years old) lived together for six months, worked together, studied together—and some of these people had been at war with each other a few years before. He was very impressed with the understanding that grew during those six months. After Kurt Hahn had spoken they went up to his room and they were chatting and the idea came forward, "If we can create this kind of feeling between older men, why not try and do it with the most impressionable age possible, and why not try and do it over a two-year period rather than six months?"

Out of that conversation came the idea of United World Colleges. Then a Frenchman named Tony Besse bought a castle near Cardiff on the Bristol Channel, a 13th Century castle, St. Donat's, and a young Admiral retired from the British Navy, Admiral Hoare, became the first Headmaster of Atlantic College and in 1962 the College began. It has been immensely successful.

Then in 1972 the College in Singapore opened, and in 1974 the Pearson College opened.

If I could just step back a little bit and tell you about this man Kurt Hahn. He died a few months ago just after Pearson College opened, and if you would not mind I would like to spend a few minutes telling you a little bit about him.

Kurt was head of a school called Salem in Germany in 1932. This was just as Hitler was coming to his real power and strength, and Kurt was so determined that there would be one bastion of reason and honesty in Germany that he spoke out against Hitler publicly and encouraged his teachers to do so. He did this so much that it ended up with an S.S. trooper in each one of the classrooms. He would gather his staff together at 6:00 o'clock in the morning and talk to them for an hour, and a very persuasive man he was. Then they would go into their classes and speak out against the actions of Hitler.

This went on for a while until late one evening Prince

Max of Baden, who was Chairman of the Board of Governors of Salem School, came to Kurt Hahn and said, "Kurt, you have to leave. You are going to be arrested in the morning." He said, "Gather together some of the teachers that you need and some of the students that you feel should leave with you and get out of the country. I have a truck arranged for you." Kurt finally agreed and said he would leave in the morning. Prince Max said "No. I mean right now. You haven't any time." So he packed his bags and got in the truck.

Two teachers came with him. I met these two teachers, two dear old German ladies, both music teachers. This was what he wanted to take with him from Germany. He also took the Duke of Edinburgh, who was a student at Salem School at the time.

He went to England and started looking for a place to start a school that would follow Salem. It took him a year and I spoke to Kurt many times about this. He feels that the choice of site for a school is tremendously important, and the buildings that make the place. It is just as important as the choice of staff and students. He toured all over England until finally he found Gordonstoun up near Inverness. It was built by a rather superstitious lord many years ago and it is a round square. It is a stone building built in a circle which forms a round square in the centre.

It was while I was at Gordonstoun that I got to know Kurt Hahn so well.

During the war Kurt Hahn developed a twenty-six day course to help seamen and merchant men whose ships were sunk, to give them some training that would help them live on rafts for a longer period of time. It was so successful that every merchant marine and every sailor in the British Navy took this course. Then it was adapted for the Commando course. Right after the war it was adapted again and became the Outward Bound Schools, which are all over the world now.

And so this amazing man has left us. When I talked to him it was like talking to Rousseau or Hegel. We spent hours together. You could not ask him a question that he could not give you a considered reply from years of experience. He was not the kind of person that gave answers off the seat of his pants, as many of us do.

The next thing that happened was Lord Mountbatten became involved in the United World Colleges, and he asked Lester Pearson to be Honorary Chairman of the Canadian National Committee for United World Colleges. This Committee operated very successfully under Lester Pearson, with a great deal of help from Ken Rotenberg here. At one time there were forty students at Atlantic College who had gone there from Canada.

Because of this interest, and because of Lester Pearson's interest, Canada was asked to create the next United World College. We chose the site and spent hours discussing what kind of place it should be, what kind of buildings, and so on. Then Mr. Pearson asked John Nichol, who was a Senator at the time, to be Chairman of the Board of Governors. John did not agree at first, finally did agree, and it is really through the efforts of people like John Nichol and Ken Rotenberg that this College has been formed.

Could I tell you a little bit about the financial arrangements. We deliberately stayed away from governments in searching for funds to build Pearson College. We went to corporations, foundations and individuals for the capital funds involved. We required $4.7 million. Clarence Shepard, the Chairman of Gulf Oil, agreed to be Chairman of the National Campaign in Canada.

I must say it was a tremendous inspiration to me, having been hiding away up at Lakefield near Peterborough for a number of years, to travel the country with Clarence and meet people like you right across Canada who were willing, through their own personal cheque books or through foundations, and particularly through corporations, to endeavour to raise the funds required to build this College.

We have raised $3.7 million. There must be over a thousand Canadians involved right from coast to coast in raising this money. The Toronto area has raised over a million dollars, over $800,000 from Montreal. We have committees operating in Newfoundland, Nova Scotia, right across the Prairies to British Columbia. Just recently other countries are becoming interested in what we are doing and I think you should be aware that the Japanese government has provided a $200,000 fund to help build one of the buildings at the College.

We are not finished. We have raised $3.7 million. We have another million to go, and now with the Japanese donation we have $800,000 still to go, but with the help of the people who are working for us I am sure we will be successful.

With the finances dealt with, maybe I should deal with the way the students are chosen. We have selection committees in every province in Canada and some forty other countries in the world. Nobody can pay to go to Pearson College. The fees are zero. The transportation to come to the College is provided by C.P. Air. The idea of this is to make sure that the students are selected on merit alone regardless of any kind of prejudice you can think of, including economic. Now this has been a tremendous job, raising the scholarships. We have a hundred students this year from thirty-two countries and raising the scholarships for this has been a huge job. We have a hundred scholarships now, and we are aiming for another hundred next year, so there will be two hundred students all on scholarships next year.

We are trying to make the point . . . and please do not misinterpret me here . . . we are *not* an independent school. That does not mean that I have any feelings against independent schools. My goodness, I spent nineteen years at Lakefield—I left part of my soul there. I thoroughly believe in the independent school idea. But *we* are a public institution, supported not by any one government but by a good number of governments around the world. The German government provides for three scholarships, the Swedish government one, Denmark one, Hong Kong three. We have just heard that the Japanese government are providing three scholarships next year. The provincial governments across Canada, not all of them yet but most of them, provide scholarships. The Ontario government provides four scholarships for Ontario students to attend. We are answerable to all of these governments, which is a rather nice way to be because no one of them can dictate to you.

The students are selected on the basis of merit. There has to be the academic qualification. We are a university-oriented college, heading towards university entrance, all over the world. The students have to have indicated that they have the ability to go to university. Roughly half of their subjects need to be first-class honours. Then we interview the students. Obviously we cannot interview them all. There is a paper selection first. In Ontario they are in the process of doing the interviews now. They are interviewing thirty students in order to choose five and I am afraid that is out of about two hundred applications.

The interview is looking for some area of enthusiasm. This recalls Kurt Hahn to me too. Kurt Hahn spoke of the "grand passion". This is good advice to parents. He said if you can get your twelve-year old really *enthusiastic* about something—it does not matter what it is, it can be stamp collecting or football or hockey or music or dance or dramatics or chess—if they can really be enthusiastic about it so that it means almost as much to them as their parents do, then this gives them a stability to go through the difficult years, the next six or eight years until they are full adults. It gives them a stability that pushes them on through.

I cannot help believing that Kurt Hahn is absolutely right in his idea of the "grand passion". Well, we are looking for the grand passion. When we are interviewing the students, I advise the committees to look for something that the student really cares about. If you get that enthusiasm in one area you can spread it out into other areas later on. So it is the whole student that we are looking at.

The next thing I had to do was choose the faculty, and as you can imagine there were quite a few people interested in coming. We had twenty-seven hundred applications, which is rather tricky when you are just trying to pick twelve for this year. But I was able to line up another ten for the next year because we are doubling the size of the College. We laid down no criteria for the selection of staff and what we have ended up with—well, it varies.

Just to give you two examples: we have one man teaching English who has never been to university. He left high school at the end of Grade 12, in 1945 I think it was. He went out West as a logger, washed dishes at Banff and got on a freighter and went around the world two or three times. Then he decided he should get down to work and so he went with Quaker Oats and ended up as assistant to the President of Quaker Oats in Canada and then Vice-President of Quaker Oats in Australia and finally President of Quaker Oats for Colombia and Latin America. At the age of 40 he retired. He retired for four years and then we hired him as an English teacher. He also teaches Economics. His name is Larry Huddard and he is just one of the most valuable people on the faculty.

On the other side of the fence is the academic. We have Dr. Wee Chong Tan. He has a Bachelor of Science from Taiwan, a Bachelor of Science from Malaya, an M.A. in Chemistry from the United States, and a Ph.D. in Chemistry from Great Britain. While he was doing his Ph.D. he became interested in the Anglican religion and so he took his Theology degree at the same time and he is an Anglican minister. His age is 42.

The staff are from six different countries, the students from thirty-two different countries, and it is almost a case of just throwing all this together and then stand back, or run back, because things happen so quickly you just cannot keep aware of them all.

When we built the buildings, we had some basic sort of educational ideas which we wanted built into the place. I have always thought . . . I can't remember who said this, I wish I could, as I would like to maybe claim it myself . . . if you work from the premise that the best school room you can find, the best educational situation, would be a short bench with Socrates on one end and the student on the other . . . that to me is the ideal educational environment. So if you accept that then let us try and get as close to it as we can.

In our school we have no staff dining room. The tables are round, about the same size as the ones you are at. The students and teachers sit together during the meals. The teachers have no offices. Most of the teachers have no classrooms that they teach in all the time. The teachers are not able to gather all their goodies around them that support their position. They have to sit down with the students and talk to them on the bench and it has created many difficulties for the staff and no difficulties for the students. The students adjusted to it very easily but some of the teachers are having some difficulty; not people like Larry Huddard, because he is coming into it fresh, it is the people who have been through the system who are having difficulty adjusting.

The whole place was designed so that the teachers could not get away from the students. The only way they can get away is by going out to sea or going up in the woods or going away for a week-end or something like that. While you are at the College you are with the students all the time and this is built right into the buildings. Five of the classrooms have comfortable chairs in them and pictures on the wall and curtains and fireplace. The students often light the fireplace in the morning and each class that comes in throws a few sticks on and they sit around the fireplace and chat.

Just stop to think of it . . . imagine teaching history with students from thirty-two countries. Let's say you have a class of fifteen. There might be ten countries represented there and you are talking about world history. These students have finished most of their high school education.

Who knows more about the history of the world . . . these students from ten different countries or the teacher? And then the next question: What history are you going to teach? You might have a Japanese and a Malayan and a German and a British student and a Canadian there. Which history will you teach of the Second World War? They are all different. So the teaching becomes a discussion and the teacher has to sit down with the students in front of the fireplace and let them talk and listen. This is the way this international baccalaureate has to be dealt with in a place like ours.

I might just say a few words about the international baccalaureate. It would take me too long to really describe it to you. It is a course of studies set up by a group in Geneva. It has been experimented with for ten years and they now feel that the experimental period is over and it can be taught in either French or English, and Spanish will come in very shortly. They have courses in almost everything you can think of. We are teaching the usual high school subjects but in addition to that anthropology and economics and philosophy and so on.

We have a little difficulty teaching the languages. We teach English, French, German, Spanish, Russian, Chinese, Japanese and Italian. Those languages are not only taught as a second language, they are taught as a literature course as well, and we have to choose the staff to deal with this.

Here again, we have Richard Liu, who has an English degree, a B.A. in English and an M.A. from Madrid University in Spanish, and a Teaching Certificate from the University of Rome in Italian. Then he came back to U.B.C. and did his Ph.D. in Spanish. He is Chinese so he can teach Chinese as well, and as a matter of fact he makes a nice little bit of money on the side translating Italian and English books into Chinese.

This international baccalaureate is tightly controlled by Geneva. They set the course of studies. It is a very broad course of studies and the examinations are very broad, but they set the examinations and they mark them. It is going back to the old Grade 13 system where the Department set and marked the examinations. It is the only real way of keeping a tight control on the standard, and they must keep a tight control on the standard. Our idea for these students is they do not stay in Canada, that they leave us and go to their universities in their home countries.

Our students come to us at the end of Grade 11 and stay for two years. That fits fairly well into Ontario. It fits well into Quebec. It does not fit so well across the Prairies. In B.C. the word "college" is correct. We are in between high school and university. We teach the last year of high school and the first year of university, and our students go into the second year at U.B.C. or Simon Fraser or the University of Victoria.

You might be interested to know that as soon as the students came we realized we had made a mistake for the Canadians and the Americans and the British and the New Zealanders, the native speakers of English. You can imagine the difficulty for the students, one-fifth of the college is Spanish speaking. English is the largest second language taught. I am making these statements to try and put the whole thing in context for you. So here are the Canadians sitting beside some students from Germany or Colombia or Uruguay or some place, and the teacher has to speak very slowly at the beginning so they can follow the courses in English. We thought "What are we doing? We are making it too easy for the Canadians." So we called all the English-speaking people together and said, "Look here . . . it so happens that we have a staff who are capable of teaching mathematics, philosophy and physics in French. Why don't you take one of those courses in French?" You could not do this in another school, the students would just laugh at you. I would have at that age anyway. But when they saw the troubles and the difficulties the other students were having to study in English they all agreed, every one of them agreed, to take either math. or philosophy or physics in

French. Some of them are taking two courses in French.

Could I take the last few minutes to try and give you a feeling of what the place is like out there? It is B.C. cedar, cedar shake roofs, no cars allowed on the property, three hundred year old B.C. fir trees climbing up to the sky above us. We have half a mile of shoreline on the sea in a bay. The students do all sorts of work around the place. They built the docks themselves. They have built a nature trail that takes twenty minutes to walk and they are building a longer one. They do all the gardening. They do most of the cleaning. They clean the washrooms, they make their own beds, they sweep the floors. They do nearly all the work around the property. We have one repair man for all fifteen buildings. He has a group of students that he has taught how to repair windows. If a window is broken he just calls on the student who is in charge of repairing windows and the students repair the windows. They do a tremendous amount of work around the place.

I have been in schools all my life and I have never been in any educational environment where there is more kindness. I think this comes from the mixture of nationalities and from the mixture of sexes. There are forty-two girls and fifty-eight boys. The age group is from sixteen to eighteen or nineteen. There is one girl of twenty-one. She is from King William Island. I see a lot of blank faces . . . that is part of Canada—it is *way* up North. She is an Eskimo girl, and she did not start school until she was ten so she is older than the others. These students help each other so much. I have never been in an environment where there is more genuine kindness.

Mohammed Housseini came from a tribal school in Iran. You might be interested in this. I came in one night at about two o'clock and there was Mohammed in the library, studying away. I went in and I said, "Mohammed, you cannot study until two o'clock. You *must* go to bed." He had arrived speaking hardly any English at all and he looked up at me and said, "I must learn English." I said, "You *will* learn English. It will come to you if you just live with us and bear with it a little while. But you cannot study until two and three o'clock." He looked up at me with a sort of fierce look in his eye and he said, "I come from the proudest tribe in Iran. I was the best student at our tribal school. Our tribe are 50,000 people, our tribe supply all the generals and all the government leaders. Those 50,000 people all know I am at Pearson College. I must succeed and you will *not* make me go to bed." I turned around and left.

They have built two high-speed rescue boats. The students built them themselves. It is astounding what happens. They built a rescue boat and one of them has two 85 horsepower outboards on the back. It is twenty-two feet long and it will take a tremendous sea and goes 37 knots. We decided that the outboards were too expensive to run so we wanted to try and put an inboard in one. We bought the motor, it is a Volvo 85 horsepower inboard motor, gave it to three boys and a girl with the instruction book and said "Put the motor in the boat" and that is the last I did with it. Now the boat is in the water and running and we are operating under the local Coast Guard.

The involvement with the community has just been astounding. You can go out there on the week-end now and of the hundred students there might be only ten or fifteen on the property. They have all been invited into houses, all over Victoria and over to Vancouver. The people in the area have just taken us on as friends. We are literally a little village on the Island and living a village life. It is kind of a global village and we are being made a part of the community.

We have not built a library. We have some books but not very many. We use the University of Victoria library, which is a marvellous association for the college.

As far as social service, the students are involved in Victoria every afternoon. They are going to the Old People's Home, they read to the blind, they teach handicapped children how to swim. They bring these people out to the college. There is one blind carpenter, about sixty years old, and he has always wanted to build a 26-foot sailboat. We heard about this, and I spoke to some of the students and said, "Would you be interested in helping him?" Two boys go in there almost every week-end. He is blind and they are building the boat for him, but he is teaching them how to be carpenters at the same time.

The music and the dance is just beautiful in the place. We had an Afro-Asian Day, and during the evening we had African dances from Lydia Mammah from Sierra Leone and Sonny Maxwell from Gambia. We had two students, one from Hong Kong and one from Japan, one playing a violin and the other playing an uru, which is a two-string instrument that will do anything a violin will do, and the amazing thing is the two strings are tied together at the end. There are no frets, no bars, no nothing . . . it is just astounding.

They built a pottery studio. It is a geodesic dome and one of the German girls designed this building, fed all the information into a small computer we have to get the forces and stresses on this. It is made of log, canvas, and clear plastic. She and some of the other students built it.

Another student, Kwok Leung Li got an idea from our Chemistry teacher, Dr. Tan. He went to the head of the Chemistry Department at the University of Victoria and asked if he could do some experiments during the Christmas holidays. They said he could, and he went to the university for three weeks and lived there. The research work that he has done was new work that has never been done before, and it is going to be published in the scientific journals this spring. These are the kind of things these students can do.

I will tell you two more things. The place runs with a thing called a village meeting. It is going back to the tribal school or tribal meeting. This is a forum where anybody can say anything that they wish and everybody can attend: students, teachers, children, dogs, cats, secretaries—everybody. Anyone is welcome to attend. There is only one rule: you cannot make a public attack against another person. Everybody has his say in this forum. It was at this forum that they asked me what name they should call me. I said, "Well, you can call me Mr. Matthews or Sir or Mr. Jack. Why don't we leave it this way and you call me whatever name you are most comfortable with." Well, it started out with Mr. Matthews, and then it changed to Mr. Jack, and now they all call me Jack, which is a bit of a jolt for some of the visitors coming out there but I like it and it seems to work well.

We had a visitor from London, a Clarence Peterson, and he sat in on one of these village meetings. He came back afterwards and he said, "I have never seen anything like that." He said, "Did they really vote to start school at eight o'clock in the morning?" And I said, "Yes, that is what they wanted to do." And he said, "Yes; but the vote was almost equal for seven-thirty!"

They decide when school starts and when it ends and so on, but I keep the veto power. We are running in a community and we cannot offend the community, and if we are doing anything that is going to offend the community the students would want me to tell them.

Just one little story about Mohammed Housseini. At the last village meeting just before I left he stood up and said, "This is the first village meeting that I have spoken in. I could not speak English when I first came and you were all very kind to me. You taught me how to speak. You asked me many questions and I kept saying yes, yes, yes. I said yes because I did not understand what your question was. Now I can speak English and I would like you all to ask me those questions again so I know what I said, 'yes' to."

Just a week ago I wanted to see how the nature trail was coming along and I wanted some exercise so I was running along this trail. The trail comes up near the top of a hill, and the top of the hill is quite beautiful with no trees on it, sort of like a high meadow that overlooks the sea.

As I was going by there, this voice said, "Jack . . ." It was a girl from Thailand, Nouperat Jittanupakorn—and she said, "Jack, why don't you come and sit down? I think you need to sit down and let your soul catch up with you." I went up and sat down beside her. She stayed about fifteen minutes without speaking and I remained two hours and composed this speech.

The official thanks of The Empire Club of Canada were expressed to Mr. Matthews by Joseph H. Potts, a Past President of the Club.

MARCH 27, 1975

Canada's Industrial Development Bank

AN ADDRESS BY E. Ritchie Clark,
CHIEF GENERAL MANAGER,
INDUSTRIAL DEVELOPMENT BANK

CHAIRMAN The President,
Sir Arthur Chetwynd

SIR ARTHUR CHETWYND:

My Lord Bishop, Reverend Sir, distinguished guests, ladies and gentlemen: During our 1974-75 season, we have had the privilege of welcoming to this rostrum three very distinguished citizens from the Province of Quebec—all politicians—two from the federal political scene (one who is a senior cabinet minister) and one provincial cabinet minister.

Today, we welcome another distinguished visitor, this time a banker, who makes his headquarters in Montreal. As he is an old Toronto boy, and his first language is English, you are going to be spared another of my outstanding bilingual introductions!

Perhaps, some of you may have heard the story about the learned judge who, before sentencing a culprit for bank robbery, observed that this was the ninth time the same man had appeared before him in his court on the same charge. The judge, showing some pique and irritation, asked the gentleman in question why he persisted in his career of robbing banks. The bank robber replied politely, "Your Honour, it's simple. That where the money is!"

There is an old saying, "Money makes the mare go!" Our guest speaker today is a "money" man—at least he heads an organization which controls a great deal of money, in trust for the people of Canada, but available for putting out on loan. His name is E. Ritchie Clark, and he is the chief general manager of Canada's Industrial Development Bank with head office in Montreal.

The Industrial Development Bank was created in 1944, mainly to supply credit to small and medium-sized businesses, as it was felt that such businesses did not have a ready source of term financing, while the larger corporations generally had no trouble in satisfying their needs in the conventional money markets.

The importance of small business in Canada cannot be over-emphasized. I have a bias in saying this, as I am a small businessman, along with many others. Did you know, for instance, that businesses (taking all kinds into account) with fifteen or fewer employees provide employment for 40% of Canada's working population? And did you know that businesses with a hundred or less employees provide a place to work for 60% of our country's working population? Indeed, about 95% of the businesses in Canada are categorized by some as "small or medium-sized," and they produce at least half of Canada's gross national product.

It has seemed to me that if the secret ballot has brought political democracy to our society, then perhaps credit (in the form of the I.D.B. and, of course, other lenders) has gone a long way toward democratizing our country economically. For the small, hard-working entrepreneur usually can only have a chance if some financing is available to bring his or her product to market, or ideas to fruition.

I might be the last in this room to say that I understand banks or bankers. I do know about "tight money" periods because, as a businessman, I have suffered through them, although on a couple of occasions I have felt a kinship for the small manufacturer who, on his deathbed, named six bankers as pallbearers, explaining that as they had carried him for so long they might just as well finish the job!

Our speaker today was born in Toronto. He was educated at North Toronto and Oakwood Collegiate Institutes and the University of Toronto. He graduated from the U. of T. with a Bachelor of Commerce degree. He joined the Bank of Nova Scotia in its economics department, and subsequently served in various branches and departments of the bank in Toronto and New York. In 1942 he joined the R.C.A.F. He was attached to the R.A.F. overseas and attained the rank of Flying Officer. As such he commanded R.A.F. units as a radar officer.

On his return to the Bank of Nova Scotia, following the war, Mr. Clark entered the credit department at the general manager's office. In 1947 he joined the Industrial Development Bank as a credit officer and served in that capacity in various centres until he was appointed assistant general manager in 1962. He became deputy general manager in 1966, and general manager in 1969. In 1973 he was appointed to his present position as chief general manager of the Industrial Development Bank.

Ladies and gentlemen, speaking on the subject of "Canada's Industrial Development Bank", it gives me much pleasure to introduce to you Mr. Edward Ritchie Clark, who was also once a member of the Empire Club—and we'll get him again! Mr. Clark.

MR. CLARK:

Distinguished guests, ladies and gentlemen: Thank you, Mr. Chairman, for your very kind words. I consider it a great distinction to have an opportunity to speak before the Empire Club, and I am very grateful for the chance you give me to talk about the Industrial Development Bank. I appreciate particularly the delicacy with which you have arranged to have at the head table representatives of two of the institutions which were probably more important than any others in my upbringing and formation. In the first place, we have a representative of Oakwood Collegiate, which is undoubtedly the best school in

Toronto, and we have Mr. Jim Joyce, who I believe is here representing the Moore Park Ratepayers' Association!*

Then, further, as a native Torontonian, it is a particular pleasure to speak in what is perhaps the only place in Canada where such a person can admit to his birthplace and receive a sympathetic hearing!

I am to speak to you today about the Industrial Development Bank, a unique financial institution in Canada which has served small and medium-sized businesses for thirty-one years, and which will shortly assume additional responsibilities under a new name, the Federal Business Development Bank.

A great deal has been spoken and written about the I.D.B. in the past thirty-one years. Some of the comment (perhaps the minor part) has been complimentary, and some has been critical, and not all the criticism was of the same things. Some people say that we lend too much money, and so we improperly displace commercial sources of funds. Others say we do not lend enough money, so that some needy businesses have to go without the financing they require. Some say we process loan applications too slowly. Others say we process them much too quickly, so quickly indeed that alternative sources do not have sufficient time in which to make up their own minds as to whether they would make the loan themselves. Some claim that we take too much security, but others say that our terms are so soft as unfairly to undermine the position of other lenders. Some say our rates of interest are too high. This is a position that we share with practically every other lender. But others also say our rates are much too low, and do not properly reflect conditions in the money market. Some say that we do not lose enough money. Others say that we operate on too small a margin of profit. Some say we only make safe, conservative loans. Others accuse us of supporting weak businesses which could not otherwise be able to stand up to competition.

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*Mr. Joyce is the Chairman of the Ontario Development Corporation.

When it comes to the I.D.B., you have lots of ideas to choose from.

The bank was created by Parliament in 1944, as a wholly-owned subsidiary of the Bank of Canada, partly to combat any inclination in the Canadian economy towards an industrial recession following the Second World War, but principally to fill what was believed to be a gap in the financial structure of the country, in that small and medium-sized businesses did not have then a readily accessible source of term financing. Large corporations could meet their needs for long-term capital through normal commercial sources or through bond or stock issues on the public market, but a small business, needing perhaps $10,000 or $15,000 or even a few hundred thousand dollars, could not easily obtain *term* financing, as distinct from current day-to-day financing, in these ways. The I.D.B.'s role was to provide these businesses with a source of this kind of financing.

Converting the vocabulary of our statute into plain language, the role of the I.D.B. is to extend financial assistance to any business in Canada if the bank believes it would not otherwise be available on reasonable terms and conditions, and if the investment in the business by others is considered to afford the bank reasonable protection.

While the Industrial Development Bank was to fill a gap in the financial structure of the country, it was intended that, in doing so, it should supplement and not displace other financial institutions. This kind of assignment places a heavy responsibility on the judgment and discretion of the bank, and in his ordinary daily work, every officer of the bank is conscious of it, and makes a sincere and conscientious effort to observe the full spirit of this responsibility. It may be that in seeking to do so there may be cases of some error in judgment on our part in applying the principle of our only assisting where the money is not available elsewhere on reasonable terms and conditions, but this is surely to be expected. Considering that we are now approached each year by approximately twenty-five to thirty thousand businesses, it is almost inevitable that somewhere among all these cases we should, with even the best intentions in the world and the most sincere efforts to achieve perfection, fall short of our intentions.

Formal instructions on this area of policy are issued to all officers to guide them in the various circumstances they may encounter, and there is a constant flow of correspondence between our office in Montreal and the field offices dealing with the questions that arise in this matter. In every case, we check with the applicant's chartered bank manager as to his view of the proposal, which brings to the latter's notice that an application has been made to the I.D.B. When discussing a loan proposal with an applicant, the credit officer of the I.D.B. will always consider the prospects of the money required being obtained elsewhere, and frequently we ask for positive evidence that he has been unsuccessful in his attempts to obtain the money.

Our loans have brought many a small business along somewhat as a young student is first introduced to school, until the business, like the youngster, is big enough and strong enough to get out into the schoolyard to play with the bigger boys.

Most of our borrowers do not return to the I.D.B. for a second loan, and it certainly must be the case that practically all of them, with their long-term finances settled on a sound basis at a critical time in their lives through I.D.B. assistance, have gone on to be good borrowers for all sorts of financial needs from other commercial lenders—from chartered banks, finance companies, mortgage companies, and others.

Indeed, I think it can be fairly said that in almost every case of a loan from ourselves, the injection into a business of I.D.B. term financing on a proper basis, and the careful administration of our loan account which follows, have made a borrower from the bank a soundly-based client for some other financial institution.

There is a second stipulation in our act, that the investment in the business be such as to afford the bank reasonable protection. This is a fairly broad concept covering the whole subject of the soundness and adequacy of the financial structure of a business. Nevertheless, we have no rules or regulations about this particular aspect of lending beyond injunctions to our officers not to be over-concerned with security, to be more concerned with management and business prospects, and not to shrink from risk if a venture seems worthwhile.

These two considerations, the availability of financing elsewhere and the investment in a business, are basically the only ones laid down for us to follow. We have no rules governing the credit judgment of our officers other than that a proposal submitted to us should represent a sound proposition for the applicant and ourselves. There are no rules about the amount of investment in the business compared to our loan, no regulations about what earnings record an applicant must submit, no requirements about what working capital his business must have, or indeed about any other aspect of an applicant's financial position. We make many loans that are considered under-secured, and to businesses with a deficiency of working capital, and to businesses with very little equity investment.

We have no rules about the structure of a borrowing business. We extend financing to incorporated companies, to partnerships, to individuals in business for themselves, to farmers, to professional people, in short to anyone who has a business.

We have no rules about the sort of need or program with which our loan might assist. Most of the loans are used for expansion in buildings and machinery. Last year about 65% of the programmes were for this sort of thing, but our loans also financed changes of ownership, assisted with working capital needs and so on. A very small percentage went to refinance existing term debts of various sorts. For example, something under 1% went to retire liens on equipment.

We have no rules about the size of a loan, although most of our loans naturally do go to small businesses. We make loans for less than $5,000 and we have made several—three, I think—for as much as $5 million. Half our loans are under $25,000, and 95% of our loans are under $100,000. In the past year, out of 9,800 loans approved during the year, only 185 were over $200,000. The average loan so far this year is $39,000.

One could hardly be more directed towards the field of small business than is the Industrial Development Bank. In fact, I very much doubt whether many agencies catering to the broad term financing needs of businesses operate with such a low average loan.

So much for our function. Now, by what means do we carry it out, and what success have we had?

For the money we lend, we have had, first, that invested in our shares which are held by the Bank of Canada. These now amount to $75 million. Secondly, we have our reserve fund representing our accumulated profits. This now totals over $33 million. Most of our money, however, has come from the sale of debentures to the Bank of Canada. These are now approximately $915 million. This means that about 88% of the money we lend, we ourselves borrow and pay interest on it. Interest on these debentures is paid by the I.D.B. at something above the corresponding rate on Canadian Government bonds. The rates of interest on our outstanding debentures at present range from about 6¼% to 9½%.

We now have approximately 1,400 employees, 71 branch offices from coast to coast, five regional offices, and the Chief General Manager's office in Montreal.

For many years, the bank has been strongly regionalized into five regions—British Columbia, Prairie and Northern, Ontario, Quebec and Atlantic. In each region, the branches report to a regional general manager, who, with supervisors, assistant supervisors and other staff, is located in the region for which he is responsible, and so is in close touch with the local business scene, and with local needs.

In Ontario we have twenty branches and a regional office in Toronto. We also have a Northern Ontario District Office at Sault Ste. Marie.

Very wide authority to deal with credit applications and approve loans is delegated to branch and regional offices. Approximately 60% of all loans are authorized at the branches themselves without any prior reference to a higher authority. Over 37% are approved at the regional offices. Only 3% or less—these being the larger loans—are referred to our office in Montreal for approval or for reference to the board of directors.

No region is restricted as to funds available for loans. A loan made in one part of the country does not limit, reduce or affect in any way the funds available for lending elsewhere. Apart from concern as to the policy matters I discussed earlier such as those having to do with the availability to applicants of funds from other sources, and apart, of course, from the larger credit proposals submitted to it for consideration, the office in Montreal follows the work of the regions and branches only to ensure that they operate efficiently, that they lose no opportunity to acquaint businessmen with the services we offer, that no reasonable opportunity for extending help is overlooked, and that they do all possible to serve small businessmen in their area. Our two goals are efficiency and effectiveness.

Since the bank's formation it has approved close to 60,000 loans to 44,000 businesses in the total amount of approximately $2,800,000,000, of which 34,000 loans for one and a half billion dollars were approved in the past five years. In fact, in the past five years we have opened more branches, approved more loans, and loaned more money than in the first twenty-five years taken all together. More than half of the money the bank has advanced has by now been repaid, and we now have 25,000 borrowers on our books with outstanding loan balances of just over one billion dollars. In Ontario, we have assisted about 12,500 businesses with loan approvals of just under $800,000,000. Last year, we approved 2,400 loans in the province for over $100,000,000 and currently we have close to $275,000,000 out in loans to over 6,000 businesses in Ontario.

From the beginning, the bank has tried to pay its own way, and covered all its expenses out of its own revenues. We have paid interest on our debentures, salaries, the cost of setting up branches, and all other capital and operating costs. The bank has covered any losses it has incurred and it has set aside ample reserves to cover future losses; and it has still been able to show a small profit every year, and these have, of course, accumulated in a reserve fund to augment funds available for lending to other businesses.

The evolution of the bank has emphasized assistance in smaller business centres, in Ontario as well as elsewhere, and also in the remote parts of the country. In the past five years, we have more than doubled the number of our branch offices, to reach out into the smaller communities. As compared with thirty-one branches in 1969, established in the first twenty-five years of the bank's history, in the last five years we have added thirty-six more. We now have offices in places like Corner Brook, Sydney, Rimouski, Sept-Iles, Chicoutimi, Rouyn, Owen Sound, Timmins, Kenora, Brandon, Grande Prairie, Red Deer, Yellowknife, Whitehorse, Cranbrook, Terrace and Campbell River. Of the loans approved last year, one-third were made at branches that did not exist five years ago.

In those areas, the impact of the bank has really been quite significant. We even have loans in the Arctic at places like Inuvik, Tuktoyaktuk, Frobisher and Pangnirtung. In Yukon we have made one loan for every 75 people, and in the Northwest Territories, one loan for every 175 people. Branch offices like the one in Prince George in Northern

B.C. and Grande Prairie in Northern Alberta are actually among the largest and most important in the bank.

Our branches carry out a very heavy programme of what we call "advertised visits" to smaller communities in their areas. For these visits, an advertisement is placed in the local newspaper announcing that an officer of the bank will be in the community on a certain date to receive enquiries from businessmen seeking assistance. About one-fifth of our loans result from these advertised visits.

In some parts of the country, such as Northern Ontario and Atlantic Provinces, we have used a mobile office in a van which travels from one small town to another to receive enquiries and discuss loan proposals.

In the course of a year we are, of course, in touch with a great many businessmen, not all of whom submit or are able to submit a formal application. Last year we received enquiries from 31,000 businesses of whom 12,000 submitted formal applications, and of these 83% or nearly 10,000 were approved.

Since we are supposed to lend only when someone else will not do so, it stands to reason that we have had losses. All told, we have written off around $12 million.

Some people have tried to derive from this a measure of our loss experience by relating this figure of actual write-offs to such simple yardsticks as loans outstanding or authorized to date. This is not possible. For one thing, it is our policy not to write-off anything on a loan until all resources for the repayment or recovery have been exhausted. We do not write anything off just because it *looks* bad. We do not write anything off until, if liquidation is resorted to, all our security has been realized upon, so that we know exactly how much our loss is. Further, the bank usually exercises a good deal of patience when a loan goes into default while a solution to a borrower's problem is sought. A great deal of time may pass before the bank finally feels obliged to take action under its loan contract and realize upon its security, and then perhaps write-off part of the loan balance. Generally it takes three or four years for the character of the loans made in any one year to reveal itself, and it may be another three or four years or more before an unsuccessful loan reaches the point of our having to realize upon our security and having to write-off some part of our advance. This means that most of the amounts written off up to the present time arose from loans made many years ago. When one considers that, due to our growth in the past few years, a large proportion of our outstanding loans is of recent origin, it can be seen that to express the actual dollars that have been written off to date in total as a percentage of presently outstanding loans, as some people have done, is really a meaningless piece of arithmetic.

I should say that our loss ratio is probably around 1¼% to 1½%, and it may trend slightly higher. It is perhaps interesting to recall that when Mr. Graham Towers, former Governor of the Bank of Canada, and one of the "Fathers of the I.D.B." was asked in 1944 by the Common's Banking Committee what he thought the losses of the proposed bank would be, he suggested 1½%!

In terms of numbers, 25% or more, and at some times and in some regions 40% or so, of our loans are likely to be in trouble at one time or another, and 3 or 4% probably result in a write-off either wholly or in part.

Of course, there is no pleasure or cause for pride in a write-off, although it sometimes seems to be suggested that we should measure our success as an industrial development bank by the amount of money we lose. If we lose money, which we can afford to do, the borrower almost certainly loses all he has in the business, which he usually cannot afford to do. We try to avoid losses and write-offs by spending our money, rather, on careful prior investigation of loan proposals, and on careful administration after a loan is made. In this sense, a good part of the money spent on our operations in administration and so on might well be regarded as "lost" since it has been expended in order to avoid a write-off, both by ourselves and by our borrower.

We are constantly trying to improve our contacts with small businessmen, and our responsiveness to their needs. In the past few years we have made special efforts to reduce the time taken to process a loan application by revising and streamlining our procedures, and by transferring almost complete authority to make loans to the branches and regional offices. As a result of the measures we have taken and our concentration on these matters, we have in the past five years or so, reduced the average time for processing a loan application from forty-five days to thirteen days.

Also, in order to improve still further our responsiveness to the needs of small business, the programme of advertised visits to smaller communities, which I have referred to previously, has been greatly increased. In fiscal 1969, representatives from our branches made 980 advertised visits to smaller communities. In the past year, they made about 5,300 such visits. This means that each week our branch officers are out visiting a hundred small towns across the country.

Recently, we have embarked on some new initiatives. Two years ago, in order to supplement the help we give to businesses through financial assistance, we set up a new department—Advisory Services—intended to guide small businessmen in sound management practices. This department holds several hundred seminars per year in small centres to instruct businessmen in good management principles; these have been enormously successful and have been attended by thousands of businessmen. I may say that these are conducted strictly without reference to our loan activities, and business leaders, such as bank managers, chartered accountants and chambers of commerce work with our own people in operating these seminars.

This department also publishes a "Small Business News Letter" giving information and news items of interest to small businessmen. It also writes and publishes a series of pamphlets entitled "Minding Your Own Business" and

"Votre Affaire, C'est Notre Affaire" on all sorts of management problems. These pamphlets have been extremely popular, and we have distributed over 500,000 copies not only to business people in Canada, but also to other financial institutions, and to a great many countries and organizations overseas.

The Industrial Development Bank was one of the first development banks in the world. Its experience has been drawn upon by many countries, often through the World Bank or through the Canadian International Development Agency, to train the personnel of other development banks. We have trained well over one hundred bank officials from fifty countries in this way. We have also sent our officers abroad on loan to other development banks to help train their personnel or guide them in sound lending, or organizational principles. The Jamaica Development Bank and the Caribbean Development Bank actually resulted directly from studies that were made for the World Bank and the United Nations by my predecessor, Mr. A. N. H. James.

Under legislation that has just been passed, the I.D.B. is to provide the basis for a new bank to be known as the Federal Business Development Bank which will report to Parliament through the Minister of Industry, Trade and Commerce. Like the I.D.B., it will concentrate on helping small businesses. It will continue the financing activities of the I.D.B. as a supplement to other lenders. It will seek to develop an ever more flexible approach to the conditions and forms in which its financial assistance is extended. It is expected that particularly in the area of equity financing, it will seek opportunities for extending assistance of this type for the establishment of new businesses or to help existing ones.

The new bank will also have very much enlarged responsibilities in the field of management services. In addition to the work that the I.D.B. has been doing in this area, which will be continued, the new bank will be active in the establishment of educational courses on small business management. It will, through the network of branches already established, provide the owners of small enterprises with information on the many governmental programmes designed to assist them, and it will absorb and extend the excellent counselling service which has been heretofore carried on by the Department of Industry, Trade and Commerce under the name of Counselling Assistance for Small Enterprises, known as CASE.

The new bank will have its own board of directors and president. It will not, as the I.D.B. has done, obtain funds by selling shares and debentures to the Bank of Canada. It will, instead, obtain equity or debenture funds from the Federal Government. The greatly expanded activities in management services will, however, apart from such revenues as they generate, be financed separately through annual Parliamentary appropriations on the basis of budgets submitted by the bank.

The regional character developed by the I.D.B. will, in the new bank, be strengthened by the setting up of local advisory councils. With thirty-one years experience in the field of assisting small businesses behind us, we in the I.D.B. look forward to the challenges and opportunities for enlarged service which will open up in the Federal Business Development Bank.

The official thanks of the meeting were expressed by Mr. James H. Joyce, Chairman of the Ontario Development Corporation, and a Past President of The Empire Club of Canada.

APRIL 3, 1975

Ceremonial and Insignia—Some Considerations

AN ADDRESS BY Dr. Conrad Swan,
YORK HERALD OF ARMS-IN-ORDINARY
TO HER MAJESTY QUEEN ELIZABETH II

CHAIRMAN Sir Arthur Chetwynd,
President, The Empire Club of Canada

SIR ARTHUR CHETWYND:

Distinguished guests, ladies and gentlemen: It is now my pleasure to introduce Lt. Col. R. C. Rutherford, President of the Royal Canadian Military Institute, who will introduce our guest speaker.

LT. COL. RUTHERFORD:

Mr. Chairman, My Lord Bishop, ladies and gentlemen: This dinner tonight, held in conjunction with the members and guests of the various Loyal Societies of Toronto, is a very special occasion. Indeed, it is the outstanding social function of the Empire Club this season. Beyond that, it is also a loyal occasion, a time when all of us remember our individual and collective connections with the British family of nations and reaffirm our loyalty to the Crown.

On such an occasion it is fitting indeed that our principal speaker should be a Canadian who is uniquely associated with the Crown. He is Dr. Conrad Swan—historian, genealogist, scholar and York Herald of Arms-in-Ordinary to Her Majesty.

Dr. Swan's office was established in the year 1484, and he is the thirty-ninth holder of this office in unbroken succession. He is one of thirteen members of the Royal Household appointed by the Sovereign to be Her Majesty's Officers in Arms-in-Ordinary, comprising the College of Arms or Heralds' College, and charged with responsibility for armorial, genealogical, ceremonial and similar matters. And theirs is the task of producing and directing the brilliant pomp and pageantry of the great occasions of state—coronations, state funerals, investitures, the state opening of Parliament, and so on, as well as to trace and record pedigrees and to grant coats of arms to the distinguished and noble among Her Majesty's loyal subjects throughout the Commonwealth.

Dr. Swan is unique in history as the first of Her Majesty's Canadian subjects ever to hold office in the College of Arms, having been appointed first in 1962 as "Rouge Dragon" and as "York Herald" in 1968. He is also Genealogist of the most honourable Order of the Bath.

Unquestionably, Dr. Swan is the most knowledgeable and erudite of all Canadians in his field. Notably, in our Canadian affairs, he was heraldic adviser to the Prime Minister of Canada concerning the Canadian flag and the establishment of the Order of Canada.

Dr. Swan was born in Duncan, British Columbia, in 1924. He served in Europe and India as a captain in the Madras Regiment of the Indian Army from 1942 to 1947. He obtained his Bachelor's and Master's degrees at the University of Western Ontario, and his Doctor of Philosophy degree at Cambridge.

Dr. Swan is married to the Lady Susan Mary Northcote, daughter of the Earl of Iddesleigh and cousin of Field Marshal Montgomery. They have five children and live at Boxford House, Suffolk—in the Constable country—a residence recorded in the Domesday Book.

Ladies and gentlemen of The Empire Club of Canada and the Loyal Societies, it gives me great pleasure to call on this truly *unique* Canadian, York Herald of Arms, Dr. Conrad Swan.

DR. SWAN:

Mr. President, My Lord Bishop, ladies and gentlemen: England had a "white Easter", and it seems that I brought the snow when I arrived on Monday. I do apologise! But I am extremely edified to find so many who are willing to leave their firesides, and their Scotch, and the other meagre comforts that are left to us nowadays, despite predatory governments, to come this evening and show they are such devoted antiquaries and also, I hope, persons who are interested in certain of the more civilized characteristics to which we are heir.

I have been asked to speak to you this evening on ceremonial and insignia. I cannot invite you to a university course of three lectures a week with seminars and reading lists, and so on. So if you will bear with me, I thought that we might call our subject this evening "Ceremonial and Insignia—*Some* Considerations". That is sufficiently broad so that we can touch lightly on these matters, having touched the light fantastic so elegantly on the floor!

1975 is probably an especially good year to pause for a moment and to consider the question of Ceremonial and Insignia.

I say this because 1975 marks the centenary of the inauguration of the Governor General's Medal by the Earl of Dufferin.

His intention, which has been carried out faithfully by all of his eighteen successors, was to stimulate scholarship. It was an essentially academic award and one which has always been highly prized.

Dufferin's initiative attests the fact that with the development of Canadian nationhood, various circumstances and situations accrue which demand official recognition. Such may best be met by an augmentation of the means traditionally available.

Lord Dufferin's medal was certainly an answer to such a need, and as time has proved it has been an enduring one.

However, the Governor General's Medal was more than that. Viewed in the perspective of history, this award was the precursor of a distinctively Canadian system of honours and awards.

It cannot be claimed to be the ancestor of the Order of Canada, for the Governor General's Medal is not a badge, an insigne attesting membership of an Order of chivalry. It is a scholarly award *ad personam* as with the Medal of the Royal Society, for example.

Notwithstanding, this medal, inaugurated by Lord Dufferin one hundred years ago this year (and incidentally, it is a medal which is unique in the history of the Governors General of the whole British Commonwealth and Empire), is without a doubt the forerunner, the harbinger of a system of honours and awards particular to this country.

As for other countries of the world, there is hardly a sovereign state of any consequence today which does not have a system of honorific awards, each with its own appropriate insignia.

Of those countries which, for one reason or another, are generally regarded as really important, the only ones which do *not* have such systems would appear to be Turkey and Switzerland.

As for the countries of the communist world—Soviet Russia, China and the rest—they all have such awards. Indeed, the Order of Victory of the U.S.S.R. is upon occasion encrusted in diamonds, and the Order of Lenin is always made of gold and platinum.

A curious circumstance in several communist countries is the fact that despite the sweeping away of so much of the past, frequently in a sea of blood, nevertheless one finds former Christian Orders being refounded. For example, the Tsarist Order of St. Vladimir—known as Vladimir the Apostolic, Grand Prince of Kiev, the national hero and really the founder of Holy Russia—has reappeared as the Order of Vladimir. That he was a saint and a champion of Christianity has been conveniently forgotten.

Similarly, we recall the Royal Bulgarian Order of Sts. Cyril and Methodious. They were the Apostles of the Slavs; St. Cyril gave us the Cyrillic alphabet, and his brother, St. Methodious, introduced Slavonic into the liturgy. These too have been remembered by a Communist government. That Order has re-emerged as the Order of Cyril and Methodious. How the good saints reacted to the removal of their haloes is not yet revealed.

Nor is that all. In Poland the communist government has even kept the Decoration known as *Polonia Restituta* in its entirety. As you will recall, this means that they have retained its badge which takes the form of a most distinctive cross.

Every African country, save a few very small and poor ones, have systems of honorific awards which, for historic reasons, either follow the British or French traditions. As for Ethiopia, the position is somewhat obscure at the moment.

I have recently had the honour of assisting in advising the King of Lesotho, formerly Basutoland, one of the two countries completely surrounded by South Africa. The King has been establishing a series of Orders which have such civilized adjectival descriptions as: The Most Courteous Order of Lesotho, The Most Dignified Order of Moshoeshoe, and so on.

In some African countries, their Orders and Decorations are heavily orientated to one or other group within the nation, as in Uganda where General Amin has a highly organised system for the armed forces. One such award is signified for the General by the post-nominal abbreviation, "V.C." which in this instance stands for "Victorious Cross". The physical attributes of this Decoration are highly reminiscent of the celebrated British award; the major difference being that the Lion and Crown on the Victoria Cross are replaced on the Uganda award by the head of the General.

Such counsels did not prevail when the Badge of the Order of Canada was being settled. Some would feel that there was wisdom in that.

The Order of Canada is, naturally, the heir to a long series of honours and awards bestowed on Canadians—using that term in its broadest sense—from the French régime onwards. Under the Bourbons the Order of St. Louis was the usual means by which meritorious service was recognised. In a limited number of instances hereditary dignities were bestowed, as with the still extant Barony de Longeuil.

The dispensation under the British Crown included some admissions to the Order of the Bath, more to the Order of St. Michael and St. George, and most of all to the Order of the British Empire. Knighthood in its oldest form of all, that of Knight Bachelor which means a Knighthood without membership of a specific Order, was also granted. All such Knights, following custom, were distinguished by the title of "Sir", and their ladies shared in their husband's honour by the corresponding prefix of "Lady". To me there has always seemed a considerable degree of equity in this arrangement, for who would deny that in the achievement of excellence by a married man his wife, as often as not, plays a major role?

Hereditary dignities were also bestowed, both peerages as well as baronetcies. From Confederation onwards, these honours and distinctions were bestowed by the Sovereign upon the advice of his or her Canadian Prime Minister.

Such a tradition continued until 1919 when, for reasons which need not detain us here, the then Federal Government decided not to recommend any more such awards. Indeed, thereafter what amounted at times to a war of attrition was mounted by that body, especially when formed in the Liberal interest. The attitude was one completely against the concept of honours and awards. Mr. Mackenzie King, Prime Minister during many of the succeeding years, even went so far as to return his C.M.G. to the King. Curiously enough, this did not prevent his subsequent acceptance of other foreign awards—but that is another story.

Except for the return to the old arrangements under the then Mr. R. B. Bennet's Conservative administration, with his Honours Lists of 1934 and 1935, and the awarding of Orders and Decorations (which did not carry titles) during the Second World War, this proscriptive policy towards honours and awards continued officially until 1967.

By that time, the Federal Government had come round full circle to an appreciation of the desirability, convenience and economy of some system of honours and awards. With such a decision taken, a tradition of some forty years standing of "no awards" had to be reversed, and for obvious reasons this was no easy task.

However, I feel that the then Federal Administration, having decided that a complete *volte-face* was required, showed great courage in setting about this task. As a result, they launched with undoubted success the now much respected and highly prized Order of Canada and, ultimately an even broader system of honours and awards including those for bravery.

In all this, the important role played by the Most Venerable Order of the Hospital of St. John of Jerusalem has not, as yet, I feel, been fully appreciated.

It will be recalled that this Order of the Crown enjoys a great degree of autonomy, and has long been established in Canada. Like the Garter, Thistle, St. Patrick, Royal Victorian Order and Order of Merit it is *not* subject in a constitutional sense to political influence.

The Order has seven grades ranging from Grand Cross to Serving Brother, each with its appropriate insignia. However, the significant point in the history of honours and awards in Canada lies in the fact that not even the three highest and knightly grades of this Order carry with them any title. The grades are, as you will recall, Bailiff Grand Cross, Knight of Justice, Knight of Grace, and their female counterparts. In other words, here is a highly organised Order of the Crown, founded long before, and quite independently of the sensitivities particular to certain Ottawa administrations, for which even in its knightly grades titular prefixes do not apply.

Accordingly, during the periods of greatest pressure against all honours and awards, the Most Venerable Order of St. John in Canada was able to weather all the storms, some of which were of major gale force.

Indeed, during this period—possibly somewhat because of it—the Order grew stronger and stronger, and became more and more respected and sought after.

The really significant point, however, as far as the genesis of the Order of Canada is concerned, is the fact that the continued existence of the Most Venerable Order in this country during this period was a continuing witness to the fact that Orders and Decorations of the Crown can take various forms and need in no way affront those who, for one reason or another, experience a conscientious objection to titles.

I am convinced that we Canadians should be eternally grateful to the Most Venerable Order of St. John for the vitally important role which it played under, at times, most difficult circumstances, in pointing the way to calmer, once again traditional and more constructive counsels in these matters. The ultimate result was, in part at least, the founding of the Order of Canada. If ever quiet precept and steadfast example finally won through, surely this is a patent example.

Thus we have a contributory influence in the foundation of the Order of Canada which came into being with its most distinctive and distinguished insignia; the Badge, appropriately enough, being inspired by a snow flake.

In the broad view of the history of honours and awards of the Crown, the institution of the Order of Canada was in no way novel or revolutionary. It was, in fact, but a further application of a principle established in 1687. By this, from time to time Orders and awards are established for the recognition of meritorious service in or for specific Realms of the Sovereign.

The first implementation of this principle was the establishment of the Order of the Thistle for Scotland, 1687. Then there was the institution of the Order of St. Patrick for Ireland, 1783. Next came the Order of St. Michael and St. George, 1818, originally for the reward of the inhabitants of the Ionian and Maltese Islands. This was followed by the Order of the Star of India, 1861, and the Order of the Indian Empire, 1877—to name the principal examples. The most recent addition to this distinguished group was the Order of Canada, 1967.

Each of the awards and dignities about which we have been speaking has its own insignia, its own Badge and other *tesserae* by which membership is signified.

We have seen that honorific insignia of this kind are of almost universal application in 1975.

Further examples of insignia with which we are familiar would include the uniforms of the Governor General and of Lieutenant Governors; the robes of the Justices of the Supreme Court of Canada as well as of the Provincial Benches, and yet again, of the Speakers of the various Legislatures. The Mace of each of the latter should not be forgotten.

The vestments of the prelates and other clerics of the several communions extant in Canada are familiar to all of us, or at least, ought to be.

Yet again, we recall the insignia of rank in the Armed Forces; the Federal and Provincial Coats of Arms, as well as the Arms of Universities, Cities, Dioceses, Learned Societies, professional bodies and private persons; the Federal Great Seal and the Provincial Deputed Great Seals.

Finally, in this selective list, I would recall that well known insigne which is guaranteed to raise more heat under more collars in the shortest possible time. I refer to the National Flag of Canada.

All of these are well recognized examples of Canadian insignia. On the broader aspects of insignia I shall invite your further consideration later.

Some will say, "Well yes, but why all this dressing up?"

Obviously in life many things could be done in an open necked shirt, old tweed jacket and flannel trousers, none of which have known creases in what I could regard as the right places for years. This is very true. Surely, however, the legitimate retort to such an observation is, "Yes, but would not these acts be done *better* under other circumstances?"

For example, a surgeon can, in fact, perform his art in such casual clothes—indeed, he sometimes has to do so. My father, a gynaecologist and obstetrician, used to be thrown into paroxysms of laughter because nine times out of ten when he put on his white tie, decorations and tails, it seemed to throw some good lady into labour. And so the child, usually healthy and bouncing, was delivered to the creaking of a boiled shirt and the clanking of medals. But normally the surgeon puts on special overalls, gloves, hat and mask for several reasons, all of which are summed up by the general phrase: *This helps him to do his work well.*

The particular reasons would include:

1. prophylaxis;
2. keeping his own clothes clean from blood and medicaments;
3. advising all those whom it concerns that he is about to, or is, or has just been engaged in surgery so that he will be treated by them as he should be for various good and valid reasons;
4. reminding the surgeon himself that the life of a man depends upon his attention, devotion to duty, skill and expertise; that what he is doing is the subject of specific legislation by the civil legislature, and may also have the gravest ethical and moral implications.

The wearing of most *un-usual* clothes in this instance stems, therefore, from two basic causes: first, professional, for art or craft reasons; second, the psychological factors.

Now, if one analyses the wearing of *un-usual* clothes by persons in the exercise of their profession, office or trade, these two basic factors—what we have termed the professional and the psychological—will be found to pertain in various yet different degrees, but *always*.

Take one further example. When a Judge of the Queen's Bench of Ontario enters his court and takes his place upon the Bench, he does so wearing a group of stylised robes—of great antiquity in origin although much modified over the years—which are without a doubt, not usual.

By this very fact alone, everyone in the Court, even the most dull witted, cannot but sense that something unusual, something portentious is about to take place, otherwise, all of this has no meaning.

In fact, none will be disappointed for, at the appropriate moment, that same Judge will in the name of the Sovereign, call all men to witness that the prisoner at the bar will undergo a particular sentence. This could be execution, or that he will be deprived of his liberty for such and such a period, that is to say, removed from the bosom of his family, cut off from society, excluded from exercising his most important rights as a citizen, and so on, because of the serious crime he has committed. On the other hand, the Judge may order that the prisoner be restored to full liberty, and leave the court without the slightest stain on his reputation. All of these, and many others are among the important decisions issued by Judges.

Naturally, he could give these same decisions dressed in sweat shirt, old jeans, leaning back on the rear legs of his chair, resting his feet on the desk before him, but would it be worthy of the seriousness of the occasion? Would the Judge be helped, be in a sense forced to give that attention to the proceedings required by their dire nature?

In official acts, the professional as well as the psychological aspects are, I would submit, of the greatest importance, not just for the subject and the principal agent, the prisoner and the judge, for example, but also for the spectators, the other participants, the audience, the congregation, the witnesses, depending upon the occasion.

These principles are applicable *mutatis mutandis* in all aspects of official and public life of the nation.

That insignia are frequently traditional, that is to say handed down from generation to generation, attests the fact that such have been found to constitute a positive aid not only to the official in exercising his functions, but also to those subject to or in one way or another connected with those functions.

For that reason they are continued, and to my way of thinking should be continued, provided always that they assist to this end, and until some better way is not only evolved but is proved.

Such is not a counsel of ossific reaction, quite the contrary. The best and most vital traditions are always amenable to evolution, adaptation and modification depending upon time, place and circumstances so that they may help all those concerned in the execution of their duties, and others in their appreciation of the nature of the event.

Our tradition of academic robes is a wonderful case in point. Starting as conventual habits, especially of the Benedictines, at Oxford and Cambridge in the late Middle Ages, they have been adapted and varied a thousand-fold in the service of the *respublica litterae*.

As a result, all basically the same, yet varied almost beyond belief, they are to be found from the Universities of Toronto to Sydney, Edinburgh to Jamaica, Delhi to Harvard, Wellington to Nairobi.

The significant point here is that there is nothing enforcing their continued use, save an appreciation by all concerned that they make a positive contribution to academic excellence.

We have been discussing the application of certain principles concerning the use of insignia in official and public life.

That such principles also have social application is almost too well understood to require comment here this evening. After all, each and every one of us by the particular type of clothes and other accoutrements we wear—in other words by certain insignia—express to our hosts, the President and members of The Empire Club of Canada, and to their other guests, that respect which we individually and collectively are convinced is their due. They, in turn, have returned the compliment.

Let us now turn to the word *ceremonial.*

When one uses that word, as often as not one thinks of Coronations and other ceremonious occasions.

A State Opening by Her Majesty the Queen of a session of Her Canadian Parliament would be a good example.

As the procession moves from the entrance beneath the Peace Tower towards the Senate Chamber it does so in due order, each in his place and with the *dignissimum* coming last. An orderly positioning and regard for precedence stretches back to the Laws of Justinian. More immediately for us they are ultimately based, although much modified over the years, upon an Order of 1339 known as "The Order of all Estates of Nobles and Gentry of England"; the *series ordenium* of Henry VII; and the Statute 31 Henry VIII, 1539 "An Act for placing the Lords".

This act of Henry VIII was a declaratory act which confirmed the ancient and pre-existing Law of Precedence. Further important decrees were given by James I in 1612 and 1616.

All these decrees, orders, warrants and acts form the basis of the corpus, the foundation for arranging important occasions, no two of which are ever quite the same, and owing to time, place and circumstances, they have to be continually modified.

Other countries would call precedence "protocol" and there is hardly a country, no matter how socialist its hue, that has not discovered that two cannot go through the door at once; that wives of officials tend to be restive on official occasions, and that unless it is laid down beforehand exactly who goes where and when, who sits next to whom, and where their ladies fit into all this, there is simply an uncivilized, undignified scramble; everyone's time is wasted and the essential nature of the occasion escapes the participants. All countries have found that *Chefs de Protocol*, Masters of Ceremonies—whether they be Heralds or otherwise—are essential to a certain degree of good order.

And in this procession towards the Senate, about which we have been speaking, we see the inheritance, realisation, adaptation and flexibility of a vital yet six-hundred-year-old tradition of how one goes about marshalling the procedures of an important occasion in the life of a nation. Rome wasn't build in a day, nor Ottawa, nor Canada, nor for that matter, any civilized community or country.

These and other scenes of Investitures, State Openings of Parliament, proceedings of Justices, Troopings of the Colour and the like come readily to mind when the word ceremonial is mentioned, and quite rightly.

Such being so, are we to conclude then, that ceremonial and insignia, facts though they are, do not really concern the everyday life of the average person?

Let us explore this idea a little further.

When coming here this evening by car, we were involved in a complicated series of manoeuvres when upon the change of a light hundreds stopped and hundreds started to move. This process was repeated again and again. Yet all was done without a word of command.

The point I am making is that in this one example alone, thousands of people carried out again and again a fairly complicated series of manoeuvres in order that all might get home safely, or to their place of recreation, as quickly as possible. In other words they were *carrying out an understood procedure in order to achieve a given end*—and this is precisely what heralds, those professors of ceremonial, mean by *ceremonial.*

Any chairman of a board of directors will tell you that the only business-like way of conducting a meeting is in accordance with parliamentary or some other understood procedure.

Yet again at the reception before this dinner, every time someone was introduced, he or she and I went through a brief, but when you analyse it, fairly complicated ceremony of shaking hands, asking how each other did (and remembering not to answer!), engaging in a short conversation and then passing on.

The purpose was to introduce two people, vouch for and guarantee the integrity of one to the other at the instance of a third party.

One may say, this is commonplace. Of course it's commonplace, but how *ceremonial* it is no matter how many times it is repeated during a day.

As to insignia, leaving aside the splendid array of Decorations worn this evening, have you not noticed the large number of relatively simple rings worn on the third finger of the left hand by many here present—symbols of an oath of life-long fidelity. We need not stop to consider the ceremony with which these rings were given and received. Such are insignia of matrimony and as such go back to the sixteenth century at least, having since that time spread from the Christian West throughout almost the entire world, Christian or otherwise.

Engagement and betrothal rings go back even further and can be traced to Roman times when curiously enough, to our way of thinking, the girls' parents gave a ring to her fiancé, in token of betrothal, whereupon the man presented the girl with a similar token of his pledge. Today the engagement ring is extremely important in what it signifies; so much so that some young ladies do not really believe they are engaged to be married until they "have their diamond" as the phrase goes, at least in certain circles. However, rings of this particular kind have no less than imperial precedent, for the earliest recorded diamond engagement ring was given to Mary of Burgundy in 1477 by her fiancé, Maximilian von Hapsburg, son of the Holy Roman Emperor.

Even the most extreme sociological expressions of modern life have their own ceremonial and insignia, although I doubt if they would quite express it in that way! The jeans, artificially faded and frayed before sale; the really long hair of both sexes; the bare feet; the long skirts trailing onto public transportation, and so on are all basically symbols, devices, badges, insignia, of particular attitudes of life, and are so intended. The Guardsman in his full dress uniform, the nun in her habit, the ballet dancer in his tights, the navvy in his overalls, none could express the purpose of his life more patently than do some of the young, and not so young, about us. This they do by far-reaching mores—some would say they were advanced, all would agree that the mores are both particular and symbolic, whether sartorially or otherwise.

I hope that these few examples will be sufficient to make the point that man is, among other things, essentially a symbolic and ceremonial animal. I do not use this phrase in any existentialist sense, but rather on the solid basis of Aristotelianism.

He expresses himself in symbols. The very words he uses, after all, are nothing but symbols. He identifies his aspirations, his attitudes, his likes, his ambitions, his fears all by means of symbols and insignia of one kind and another.

He conducts his normal relations with his fellow men by means of agreed procedures towards given ends, which vary from culture to culture, but nevertheless are known and understood by his peers; be his arena a beer parlour or a drawing room. In other words his life is, although he may never realise it, ceremonial from the cradle to the grave, whether he is a Burke or a Lenin.

The insignia about which we spoke at the beginning, the Badge of the Order of Canada; the ceremonials that we conjured up in our mind's eye, the State Opening of Parliament for example, are but among the most splendid expressions, the highest manifestations, the peaks of mountains if you like, of a human experience and need which go down and are as broadly based as man himself no matter how humble.

Ceremonial and insignia, properly understood and properly applied, are surely the hall-marks of a really human and civilized community, society and country. They are brakes on egotism, accolades of merit, dykes against disorder.

To pretend that man has no need of insignia or ceremonial—of symbols and agreed ways of doing things—is to fail to understand at least one most important aspect of man.

Is this so strange? For was it not, even speaking symbolically, that he originally fell from grace through the taking, giving, receiving and eating of an *apple*; yet again, was he not redeemed, and has he not risen to some of his greatest heights, through a *cross*?

On behalf of The Empire Club of Canada and the Loyal Societies of Toronto, Dr. Swan was thanked by Mr. Melvin Kenny, President of the English-Speaking Union.

APRIL 10, 1975

Recession, Inflation and Energy

AN ADDRESS BY Dr. John R. Bunting,
CHAIRMAN, FIRST PENNSYLVANIA
BANKING AND TRUST COMPANY,
PHILADELPHIA

CHAIRMAN The President,
Sir Arthur Chetwynd

SIR ARTHUR CHETWYND:

Reverend Sir, Your Worship, distinguished guests, ladies and gentlemen: We are all influenced by that compelling magic box which occupies a central place in most of our homes—television. At times, TV is referred to as the "idiot box" or "a wasteland of cultural mediocrity".

Sometimes such accusations are true but, as one who makes part of his living from television, I remind you that there are many superb programmes on television, programmes which provide important opinions and information, as well as entertainment, for millions of viewers. The David Susskind show over CFTO on Monday nights is one of those excellent programmes which I seldom miss.

Several months ago I watched an exciting and learned panel discussion on U.S. and world economics. One of the panelists who stood out was a John Bunting who, apart from looking young and vibrant, was obviously expert and had some interesting things to say about Canada and Canada's economic future. Of particular interest is the fact that Mr. Bunting and his organization provided the initial U.S. financial backing for the Bricklin car now being manufactured in Canada. Through one of our hard-working directors, Hugh Stewart, we tracked down the gentleman concerned and I am more than pleased that Mr. Bunting accepted my invitation to be our guest speaker today.

John Bunting is chairman of the First Pennsylvania Corporation and the First Pennsylvania Bank of North America. Throughout his career he has been a banker, but he has also been a teacher, an author, an adviser, a trustee, a company director many times over, for the most part a businessman. His experience has always touched on those facets of society which are of particular interest to the economist, and this should not surprise us. For our guest's formal training has been in Economics and it is as an economist that he comes to us today.

He is a practitioner of what Thomas Carlyle in 1850 described as "the dismal science". Economists at that time were putting forth the proposition that the misery of the world was due not to "the gigantic hucksters but to the immortal gods." Economics has more recently been referred to as the "plonking science" and the "black art". My research tells me that "plonking" may be defined as the art of making the utterly obvious stupefyingly clear! It would be reassuring to believe that this were so, as our speaker comes to us at one of the most interesting times in economic history.

Unemployment is increasing at the same time as inflation is accelerating but under the old rules they were supposed to go in opposite directions. All of this is aggravated by the so-called "energy crisis". In recent days I have read headlines in two American magazines—one asking "HOW BAD A SLUMP?", the other inquiring "HOW FAR IS DOWN?" The most recent issue of our own *Maclean's Magazine* uses the whole front cover to announce "Eight Ways to Save our Crumbling Economy".

Our speaker was educated at Temple University, taking his Bachelor of Science in Business Administration in 1950 and his M.A. in Economics in 1952, after service in the U.S. Army from 1943 to 1946 when he saw action in the South Pacific.

From 1950 to 1964, he served with the Federal Reserve Bank of Philadelphia, rising to Vice President. In 1964 he joined the First Pennsylvania Banking and Trust Company as Vice President and Economist, and in January 1972 was appointed to his present position as Chairman and chief executive officer of the First Pennsylvania Corporation and the First Pennsylvania Bank of North America.

He has lectured at Temple University on Economics and has been guest lecturer at a number of other prestigious schools of higher learning. He serves as a trustee and/or adviser to groups involved with community and educational concerns. He holds honourary doctorate degrees from St. Joseph's College, Philadelphia, and Temple University, and is a Fellow of the Hebrew University in Israel.

Herman Kahn, the noted "think tanker" from the Hudson Institute, recently told Canadians: "If the U.S. gets a cold, you get pneumonia." Our own Prime Minister has asserted that Canada feels "every twitch and grunt" of the American elephant. And yet the current issue of *The Financial Times* of Canada, in its lead story, offers the opinion "With a little bit of luck and good management, Canada will come out of this recession as the richest country in North America, in terms of per capita wealth." . . . "Recessions", it says, "are when Canada catches up to the United States." Of course, this view may have emerged in the frantic search for an eye-catching headline and, in any event, is based not so much on Canada "doing better" but rather on the United States "doing worse".

There are not many people in Canada who would cheer such a turn of events, for in our lifetime the United States has been our great friend, and our two countries (both, not one) are inextricably entwined economically, and when the chips are down, also very close ideologically—we both love freedom.

It is particularly fitting, then, to introduce to you a most distinguished economist from the United States who undoubtedly "zeros in" on the current dilemma by entitling his speech, "Recession, Inflation and Energy". Ladies and gentlemen, it is with great pleasure that I introduce to you Dr. John R. Bunting.

DR. BUNTING:

Mr. Chairman, ladies and gentlemen: I certainly thank you very much for that most gracious introduction. I'm very happy to be here. It's a wonderful experience for me to have this opportunity to speak to such a prestigious audience, and the trip was made much easier by the gracious way I was received at the airport. I think too that the further you are from home the better you sound, so I'm thankful for that.

I must confess that although I prefer to go far from home to make speeches because they know me too well at home, I prefer to go by automobile because I write a lot of my speeches on the way to them. I give the titles out beforehand, but I write them on the way. My rationale for this is that ordinarily it makes a much more current talk and you can pick up what's going on. In addition, I have a fine driver who permits me to rehearse my speech in the back seat and that's a big thing too. I rehearsed one speech so much on the way, recently, to a place about a hundred and twenty miles or so from Philadelphia called Danville, Pennsylvania, that my driver who is about my size and weight, (he's a little older than I am but he looks about the same), said to me, "You know, Mr. Bunting, I've heard you repeating that speech so much, and it's not too different from others that you've repeated back there in the past, that I really think *I* could give it."

I said, "Well, Ed, that's a delightful thought. Nobody up here knows me, and we don't do a heck of a lot of business in Danville, Pa., so why don't you give the speech? I'll go and sit in the back, the way you customarily do, and you can go up front and be John Bunting."

So he allowed as how he would, and he went in and he was introduced, and he spoke, and because he didn't have all the ohs and ahs and stutters that I am afflicted with, Ed finished the talk (it was supposed to be a half-hour talk) in about twenty-one minutes. So the Master of Ceremonies very graciously indicated that since Mr. Bunting had finished early, perhaps he would be willing to answer some questions. So he indicated that he would. The first question came up from a Friedmanite, a person who is a Monitorist in the United States, imbued with how wonderful things like M_1, M_2, and M_2 primed, etc., are. The fellow asked him a question about M_2 primed and since it was rising at a rate of just 4% in terms of the money supply what effect that would have on GNP in the third quarter in his estimation? And Ed looked at the fellow after he finished and said, "That's the stupidest question I've ever heard in my life." He said, "I don't know how, from an audience of such bright people, the Master of Ceremonies could pick out a stupid fellow like you. That question is so stupid, that I'm going to have my chauffeur, who's sitting in the back, answer it."

I want to assure you, although I may be a disappointment to you, that I'm the real John Bunting. And, by the way, I'm supposed to speak for a half hour too, so you can start timing me.

I thought today, that in treating the subject that we're here to talk about, "Recession, Inflation, and Energy", I would frame it in terms of the future, so that I'm not just explaining to you how I think recession, inflation and energy are coming along in the United States at this time. I thought that generally speaking, I'd frame my talk around two points. First of all, how and why the future has changed. Our Master of Ceremonies implied, and I know it wasn't meant to be a firm prediction, but he indicated the kind of change that people in the States are seeing for themselves. That is, we have a somewhat more pessimistic frame of mind. I'll talk about how that has come about and how long-lived that might be. And then go on from there and draw for you a few potential scenarios of the future in the States, and perhaps, indeed, in much of the rest of the Americas as well. I will give you three potential scenarios. I'm not going to cop out, as we say. I will tell you which scenario that I think is most likely to eventuate.

First of all, the future *has* changed. I think that anyone who thinks about this subject as much as I do will agree that our conception of the future has changed. We in the States have turned from being essentially a very optimistic people to, at least momentarily, a somewhat pessimistic nation, in the space of about a year and a half.

To some extent I think this is a reflection of the Watergate trauma. A lot of people were very shocked at what was taking place, and those who weren't shocked were, at the very least, saddened. But I would not say that Watergate is responsible for what I'm talking about. I think it was responsible for diverting us, and perhaps we didn't therefore see as clearly what was taking place around us, and perhaps we didn't have the energy, with this tremendous diversion (after all, I guess Watergate was the greatest American drama since the Civil War). It took our minds and efforts away from things where they would have been better used, but I don't think Watergate is responsible for the pessimistic turn. I think to some extent, however, that Watergate is something that we at least have to deal with.

I think to some extent, too, you could say that our pessimistic turn is no more than a reflection of the fact that in a cyclical way the economy is in the downward phase, or we're in a recession. I'd go so far as to say, the way things are going, that we're in a mini-depression, or a maximum recession if you want. We're in a recession that's a bit worse than anything we've had in the whole post-war period. And to some extent, I don't think there's any question about this, much more than Watergate *this* is responsible for the changed view we have of the future.

More than that, however, I think that in addition to the down phase of the cycle producing apprehension about the future, the changed view of the future does represent a kind of innate feeling that we have that something *fundamental* has changed. Up until now we don't seem to be reacting very well to it, and we don't quite see how we are going to react to it because the fundamentals that are changing are perhaps going to produce disagreeable, at least momentarily disagreeable, changes in the life style to which we have come to be accustomed in the States.

I would say that the number one factor producing this innate feeling that something fundamental has changed has to do with oil, and specifically of course, the quadruple price of oil. Until the Arab and Israeli war of fifteen months ago, you in Canada may have known that oil was finite and not infinite, and there were some college professors in the Unted States who knew it, and some scientists too, but the great body of the American people felt, I think, that oil had a kind of infinite supply, that we weren't going to run out in our lifetimes, or maybe in the lifetimes of our children, that indeed when we did begin to run out the cost would go up slowly and gradually, and we'd therefore be able to dig down deeper and go further out into our oceans and discover more, and then the price would gradually go up and we'd be able to replace it with some other form of energy and within the market orientation of our society we felt that the adjustment to this would be for one thing a long way off, and for another thing, would come about very naturally within the market system. Suddenly, however, as a result of the Arab-Israeli war, the embargo, the quadruple price, and the difficulty of changing that price, we see oil as very definitely finite, and that at the rates of increase of consumption that prevailed in the 69-73 period perhaps we have only a thirty to fifty year supply left. That is a deep shock to the American people. Now we see that energy, instead of being plentiful and cheap, most specifically oil but energy in general, is suddenly scarce and expensive. And nearly all of the other major problems that afflict us at this time in the States, have something to do with this new view of oil, these new petroleum realities.

The double-digit inflation of last year which reached into the 11 or 12% range in the States as most of you know, five percentage points of that is directly traceable to oil, bringing that down to 7%, and I would suggest that that is only what is directly *traceable* to oil. I think oil and its ramifications had more responsibility than just the five percentage points that we can measure. Certainly the skyrocketing utility costs that have produced price ramifications all over our economy are not adequately measured when I say five of the twelve percentage points are traceable to oil.

The plummeting auto sales of the current year, and indeed of last year as well, are mainly a result of the fact that in the States we're not sure that we should be driving the gas-guzzlers that we love so much and that we've driven in the past. It's not too much of a decision to keep yourself in the car that you're in. It is quite a decision to go out and buy another car. We measure them now, you know, not by how many miles to the gallon you get, but how many city blocks! Oil, and all that it means to us at this time, has a great deal to do with the number one detractor from the business environment of the moment, and that is automobile sales.

Certainly the thing that frightens the community, the Jewish community in particular but the whole community in the States in general, Arab purchases of industry, again goes back to the oil situation. The tremendous transfer of wealth that is taking place between the free nations of the world and the OPEC states, most particularly the Arab OPEC states, leads us to wonder about the Arabs buying into some of our peripheral banks (don't tell the bank that was bought into that I called it that!) and indeed perhaps even buying into some of the establishment banks and other industries. So that our view of the world has changed in part, and it's a more pessimistic view. One hopes it is momentary, arising out of Watergate and the downward phase in the cycle. Probably however it will stay with us, even as our spirits rise somewhat as the economy improves, because it does arise out of real causes and deep issues.

Well, enough on why our view of the future has changed. How about the future? What will it be like? Now here I would like to give you three different scenarios. I fear that, so far from home, you might think I really know the future back there, so that I will acknowledge to you that there are three kinds of scenarios that *might* take place over the near future. I will tell you the one that I think, as the weather forecasters would say, has the 55% chance of success, the others having less.

The scenario number one would be that we will follow pretty much (I don't say this in any chauvenistic way) a British "muddle-through" kind of policy in the near future, which won't be all bad. But we will tend to meet issues as they arise, and compromise most of them and find the agreeable solutions that prevent revolutions and civil wars and things of that sort. But we will not be blessed with, or afflicted with, however you view it, any real decisive leadership. We therefore won't make any overt adjustment in our life style. Gradually, maybe, the life style in the States will be subject to grudging and gradual change, but it won't be perceived in any reasonable time frame as much of a change. This will take place over a long period of years. And again, very much as the British economy has had to do in the post-war period, we will consistently have to slow our economy down as it gets moving forward, because when we move ahead rapidly, when the economy is expanding, we'll be having to import too much oil, at too high a price. Our balance of payments is something which we're not accustomed to being concerned about, in the States. It's only in the very recent past that we have had enough concern about it to treat with it in speeches. I know it's of great concern to most other countries in the world, but this is *not* something that we're accustomed to being concerned about in the United States.

The fact of the matter is that it is looming as being of tremendous concern. I think at the present time it's very definitely an inhibiting factor in the current administration's willingness to fuel up the economy and get it moving again, because there's a knowledge on the part of those that really understand the scene, that if we get this thing started again for real, and get the economy back to full employment rapidly, we're going to have to slow it down as soon as we get there. Because as long as we are in our current consumption patterns, as long as Detroit is still manufacturing the gas guzzlers, as long as we're still heating all of our major buildings with oil, as long as our public utilities are 70 or 80% on oil, we will have to import too much oil, and we will have a natural barrier through which we cannot go, unless we want to see the dollar really lose even more value than it has lost.

So that this balance of payments restraint, within an overall petroleum constraint, will produce a kind of a stop-go situation, assuming that we have no decisive leadership. The growth in our economy over the next few years will slow very considerably. To put some dimensions on that, the economy in the States has been growing in the post-war period 3.9%, almost 4% per year. I would think within this kind of an environment we would be talking about something slightly in excess of a 2% per year growth rate, or cut just about in half.

Now the hope in this policy, the one thing that could reverse what I've described here would be that the OPEC cartel will break down, oil prices will back off considerably, and we can run our economy within the current kind of life style, demand patterns, etc. that we are running at the present time. I don't think this changes the fundamentals, except temporarily, quite as much as some of you may. We're not going to wipe out the fact that we have discovered that oil is finite. We're not going to wipe away the fact that if indeed the cartel breaks down, prices aren't going to go back to where they were before. We cannot escape the fact that oil is going to be a factor in shifting funds throughout the world and primarily shifting funds away from the States toward the oil countries.

The second scenario! Remember I'm not necessarily recommending any of these. I will tell you the one that I think is most likely. The second scenario would involve an outbreak of fighting in the mid-East. It would be a war scenario.

This scenario would say that the Israelis will see time working against them. They will recognize that not only are the Arab states that surround them getting stronger, as the result of the quadruple price of oil and all the money that's pouring in there, but time is also working against them in so far as their number one ally is concerned, that is the United States. As wealth is transferred, power is transferred, so the United States will more and more be influenced by Arab wishes and desires.

Within this scenario, therefore, the Israelis will be forced by their own logic, if you will, to start a war within the next six months, let's say sometime before next winter. We, in order to preserve the free world, will grab at least some oil fields, to prevent an economic collapse of the western world. The economies, presumably, in most of the western world will still be in recession, or at least in a very shaky recovery following a very severe recession, and this will provide the rationale or excuse (whatever you want to call it) for us to move in to ensure a petroleum supply.

The Israelis will win a very brief war, win in the sense that the fighting will stop as the Russians intervene, and we intervene too. But it will be clear from the territories gained and lost that the Israelis have gained a heck of a lot more than they have lost. We therefore will have not only territory to barter for a more realistic policy on the part of the Arabs, but we will have the oil fields that we have assumed as well.

This is kind of a harking-back scenario, saying that the world can go back and be the way it was before we discovered that oil is finite. This has appeal for certain romanticists, but it is essentially a yearning, not a realistic policy. I think that people were playing with this as a policy some months ago. The futuristic types in the States were playing with it. I certainly do not mean to imply that we were playing with it at an official level as a policy.

The third would be a more decisive scenario. We would achieve decisive leadership over the near future. The President and the Congress would get together and evolve a tough and realistic energy policy as soon as the economy gets moving again.

Most of us feel that the economy is going to continue down at a slightly slower rate in the near future, turn around probably in the late summer, and begin on the way back up in the fall. I think until the economy has gone through a quarter or two of upturn, it would be not wise to invoke in the States a decisive programme of energy conservation. In other words, I don't think our economy really is strong enough to sustain one at this time. It would just cause it to plummet more rapidly and for a longer period of time.

But once the economy is moving again, and I would imagine that this would be about the first quarter of next year, and has been moving for a quarter or two, then the Congress and the President will be able to get together. And that is what is required, because as you know the President is of one party and the Congress is completely dominated by the other party. It requires a melding that does not come naturally in the States, and it makes decisive leadership, no matter what the qualities of the President, a difficult thing to bring about when the Congress isn't in his camp.

But once the economy is moving ahead, and let's put that into the first quarter of next year, then by March of 1976 we would introduce a new kind of a programme. Perhaps we start by finding ways of getting money to our utilities, probably in some way as a result of guarantees or something from the federal government, because otherwise it doesn't seem to me that the utilities are going to be able to do the two things that they have to do in the near-term future from private sources. Near-term, the utilities have to increase their capacity, and near-term, the utilities in the United States have to move from 70 to 80% reliance on oil to a shift—back to coal, and perhaps forward to nuclear and more exotic energy forms. This puts a twin burden of capital spending on them, and in the light of the increases in utility costs that have already been imposed on our citizenry as a result of the hike in oil prices, it is virtually impossible to imagine additional price increases in the normal marketplace to bring about the kinds of investment spending that is necessary. So that perhaps the first thrust toward a decisive energy policy will be some intrusion into the market by the federal government to get funds to our utilities.

Beyond that, I would imagine that a decisive energy policy would include a kind of combination of the use of the price system and rationing in so far as gasoline is concerned. I personally advocate, as of next March, that in the States we would double the price of gasoline at the pump in order to deflect demand, and then give everybody thirty-five or forty coupons per month, worth fifty cents apiece so that for the first thirty-five gallons of gasoline each month you'd be paying roughly the same amount that you're paying now, and it would be beyond the first thirty-five gallons that the price of gasoline would come to be somewhat prohibitive.

I think we're going to have to do more than exhort our automobile makers to produce smaller cars. I imagine we're going to have to come to giving ourselves incentives in the States to buy smaller cars, so that people who trade in large cars and buy smaller ones will get some kind of a tax rebate, so that the large cars, if you want to buy them, are taxed much more heavily than they are taxed at the present time. I'm using "large" as synonymous with "gas-guzzling". I think too, in so far as home heat is concerned, as we get our utilities turned back to the use of coal and forward to nuclear energy, we're going to have to inhibit people from buying homes that are heated directly by oil. Rather we should use electric heat, which would be indirectly of course utilizing coal and nuclear power.

I'm sure we're going to have to do something about mass transportation, but I think that this is a longer programme. Our country, as yours is, is a newer country than the European nations and is pretty much built up around the automobile. We don't really have the same options that they do. It's almost impossible, with industrial parks taking industry to all sorts of places inaccessible to mass transportation, with shopping centres taking our department stores to all kinds of places inaccessible to mass transportation, for us to solve many of our problems in the short run with mass transportation. Vehicles for single-person travel, or for a small number of people, are a necessity as far as the next ten or twenty years are concerned. Longer run, programmes toward mass transportation are coming and would be a part of a tough energy package.

Solar energy! I think very likely in the course of the next year, whether we have a decisive policy or not, that we will undertake some kind of a ten-year solar programme similar to the Kennedy lunar programme that wound up with people on the moon. That is a sure bet. Longer run than that, I would look for the electric car, that is a battery-driven car, for intra-city traffic—not for going from Philadelphia to Danville, but travelling within the city itself.

Such a policy, a tough, decisive energy policy, would recognize the new realities, the new problems that we have in the States, would put us back in charge of our own destiny, and indeed would restore confidence.

I would be very hopeful that this latter scenario is the scenario we will follow. I think it will be. I don't think it will come about in the chronological order that I portrayed it. My best guess is that we will not take decisive energy steps until after our election which is in November of 1976. I would like to see us take these actions as soon as March of '76, but I think we will probably do it sometime after the election in '76. I think there will be between now and the election a period of some business recovery. I don't think, however, that we will have restored our optimism, because I think our optimistic view of the future waits upon the decisive action that I don't really look for until after the election.

I thank you very much for your attention.

Dr. Bunting was thanked, on behalf of The Empire Club of Canada, by Mr. John D. Herrick, a Director of the Club.

APRIL 17, 1975

Canada's Economy—Can We Advance Back to Reason?

AN ADDRESS BY H. Ian Macdonald,
PRESIDENT, YORK UNIVERSITY

CHAIRMAN The President,
Sir Arthur Chetwynd:

SIR ARTHUR CHETWYND:

Distinguished guests, ladies and gentlemen: Last week you will recall we were host to an eminent economist from the United States. John Bunting gave us an expert and challenging overview of the immediate future of the economy in the U.S. and in the world.

Today, we are to hear from a Canadian expert about his views of the Canadian economy, both now and in the future.

Whether we like it or not, the seriously troubled state of the economy is or should be on everyone's mind, therefore we felt that this "twinning" of two very knowledgeable speakers on the same subject would be valuable at this unsettled time in our history.

Our speaker, today, Dr. Ian Macdonald, President of York University, is a not unfamiliar figure at this lectern. He served a distinguished term as President of The Empire Club of Canada in the 1969-1970 season. In February 1974, as President-elect of York University, he addressed us on the subject: "Universities: Who Needs Them?"

In that address, while still serving out his commitment as Deputy Minister of the Ministry of Treasury, Economics and Intergovernmental Affairs of the Province of Ontario, he mentioned that his position at that time precluded anything but the most neutral remarks on the fundamental fiscal problems of Canadian Confederation, but he also said that he might well have a comment or two at a later date. I anticipate that our platform has provided that "later date", as he speaks to us on the subject "Canada's Economy—Can We Advance Back to Reason?"

Our speaker is so well known to most of us in this room that I am only going to give a few highlights. He was born in Toronto, graduated from the University of Toronto with a Bachelor of Commerce degree in 1952, heading his class. He was awarded the Cody Trophy as the man contributing most to the athletic life of University College.

Then, as a Rhodes Scholar at Oxford, he obtained his Master of Arts degree—and the following year his Bachelor of Philosophy in Economics. During this time he captained the Oxford Hockey Team. In 1955 he became a lecturer in Economics at the University of Toronto, becoming Dean of Men, University College, and subsequently Assistant Professor of Economics.

In January 1965, Dr. Macdonald was appointed Chief Economist for the Province of Ontario. In addition, he became Deputy Provincial Treasurer and following the reorganization of the Ontario Government he was made Deputy Treasurer, and Deputy Minister of the new and expanded Ministry of Treasury, Economics and Intergovernmental affairs. In this position, he was the senior civil servant responsible for the initiation and development of Ontario's fiscal and economic policy, and for its taxation, debt and investment policy—in short, the management of the government's finances.

Our speaker has had an outstanding career in government and continues to have a distinguished career in education. When he left government for the perhaps quieter halls of York University, he announced that two ingredients would be of great importance, openness and mobility, between the various parts of the "new university"—that is, "the broad community"—the sum total of all of those parts which make up what he referred to as the wider "university of the world".

He is practising that mobility in coming back today to focus his attention on the economic state of our Canadian union, at a time when many are questioning and few are able to answer. Perhaps the title of his paper, or that part of it which asks "can we advance back to reason?" seems like a contradiction in terms. But if we can move toward "reason" in these troubled and even hazardous times, I believe all of us would be more than willing to move backwards, forwards or even sideways, as long as it made it possible to see a little light in the shadows of inflation, unemployment and the resources debate.

The well-worn jokes about economists are inescapable. For instance, it is said that an economist is an expert who will know tomorrow why the things he predicted yesterday didn't happen today! It has also been said that if all the nation's economists were laid end to end they would point in all directions! These are not my own thoughts, of course. I pinched them from other people.

We can be comforted by this economist who, as the title of his speech indicates, would like to take us back to "reason". For Cicero said that "reason" is the mistress and queen of all things. And Samuel Johnson cautioned us that "We may take fancy for a companion, but must follow reason as our guide." It seems to me that too many segments of our society, most with a rather high degree of monopolistic power, have been courting fancy. Today, let reason have its say . . .

I am most honoured to rewelcome and present to you the President of York University, Dr. Ian Macdonald.

DR. MACDONALD:

Mr. Chairman, ladies and gentlemen: This is the third time I have enjoyed the privilege of addressing The Empire Club of Canada and the first in my present role as President of York University; I hope it will not be the last. However, in a recent discussion with my oldest son, I learned that he considered my job to be rather boring, certainly in comparison with his aspiration to be a racing driver. However, I pointed out that the occupational life expectancy of university presidents was less than that of racing drivers and that it was indeed a life full of surprises and chilling excitement.

Since we have just concluded a rather severe budget, I understand better the story of a mother going upstairs at nine o'clock one morning and saying to her son who was languishing in bed: "You must get up and get along to the university." He replied: "Mother, I just can't face it. You have no idea how miserable it is there. Everyone hates me—the professors hate me, the administration hates me, and even the students hate me." However, his mother persisted only to be told once again how totally disagreeable it was. Finally, in a fit of indignation and frustration and, giving a stern tug on the bedsheets, she exploded: "Get up and on your way to the university—you're fifty years of age and you're the President!"

However, I must report that I have enjoyed my return to the university community immensely and I continue to believe in the particular value of universities for an enlarging culture in Canada. Indeed, I believe it can be argued that universities are more important than ever before in assisting the resolution of so many of the issues that challenge the effectiveness of the democratic system. It is one of those principle issues that I wish to discuss with you today, as briefly as possible, I trust. I recall that the late Sidney Smith, when President of the University of Toronto, described his role as requiring him to be "a ball of fire by day and a bag of gas by night". In view of the current energy shortage, I am doing my best to be conservative in both respects. On the other hand, when I spoke to the club last year, I indicated that I would certainly feel less fettered when the veil of anonymity was lifted from my shoulders upon my departure from the civil service. I have certainly enjoyed my return to "academic freedom".

The Canadian economy today is truly a bundle of paradoxes—the concurrence of inflation and unemployment, job scarcities side-by-side with unfilled jobs, high consumer spending along with high rates of saving, a high level of borrowing even at high rates of interest, and rates of increase in salaries and wages soaring out of sight while our international competitiveness staggers and splutters. Clearly the Canadian economy is out of joint, with the possibility that we could be crippled for a lengthy period. But I believe that we must not accept the inevitability of the crippling disease or resort to a permanent succession of canes and crutches. In that phrase of Bertolt Brecht, "Can we advance back to reason?" Can we assess our condition honestly and begin a course of self-induced therapy to restore our good health?

I believe that we can, but first we must recognize the fact that discussion of public policy in Canada today is totally inconsonant with the reality of our economic and social structure. There are two serious consequences of this fundamental disharmony: first, our economic policy is not equipped to deal with today's realities; and secondly, we have unreasonable expectations for governments in dealing with our economy. As a result, we become frustrated which, in turn, tends to undermine our confidence in the very institutions which we created for the purpose of formulating and administering public policy.

A number of years ago, when teaching monetary and fiscal policy, I was as guilty as any of applying the unitary state world of Keynesian economics to the Canadian federal system. How easy it was to simply sketch in the inflationary or deflationary gap, and then swing the great levers of monetary and fiscal policy into action to exercise a counter-cyclical influence. The correct mix of monetary and fiscal policy would be sufficient to restore equilibrium in the economy.

However, Canada is not a unitary state, notwithstanding the yearnings of some commentators on public affairs and certain citizens with an Ottawa-centric view of the universe. We are a federal state and a highly decentralized one, with immense economic and fiscal powers in the hands of the provinces. Today, the provinces and their municipalities account for what is approaching two-thirds of public expenditure in Canada and about 80% of that highly significant sector—public capital investment. As a result, a determined provincial administration, in conjunction with its municipalities, can exert a significant counter-influence on fiscal policy to that of the federal government and, in conjunction with large agencies such as a hydro-electric power corporation, can have a major impact on domestic capital markets and, through foreign borrowings, on capital flows and exchange rates.

The countervailing influence of provincial fiscal policy is exactly what happened in 1970 and 1971 in Ontario, and I have been surprised that it did not attract more attention. At that time, the federal government was seeking to offset inflation and was practising a policy of fiscal restraint, with particular discretionary attention directed at the urban areas of Ontario. However, in the view of the Ontario Government, unemployment was the more serious threat at the time and a deliberate effort was made, through the 1970 and 1971 budgets, to stimulate the economy, particularly in the basic investment sector. The direct challenge to the Minister of Finance was not lost on him, however, as the 5% investment tax credit, which was the main technique employed by the Ontario Government, was applied to reduce the normal capital cost allowances under the federal corporation income tax.

It should be noted that provincial fiscal policy capacity is largely limited to the size of the deficit or surplus and to the indirect tax field, as was so apparent in the Ontario Budget last week. As a result of the federal-provincial tax collection agreement, the provincial government is not free to alter the direct tax base or the graduated tax rates, although the tax credit system has been introduced first in Ontario, then in Manitoba, as a means of changing the incidence. However, the larger the portion of the direct taxes, the larger the basic budgetary influence, a fact which helps to explain the federal government's unwillingness to turn over a larger share of the personal and corporation income tax to the provinces in exchange for assumption by the provinces of the full responsibility for the large shared-cost programmes.

The provincial, and increasingly the municipal, impact on the economy is not confined to the aggregate sense. Again, in 1971 and 1972, it was demonstrated in Ontario that selective programmes to stimulate employment could have direct and immediate effect. In those instances, the policies tended to be reinforcing rather than countervailing. What that experience demonstrated however was the strength of a federal system when the governments find a way of working together. In that case, the federal financial leverage worked well with the provincial and municipal knowledge of local conditions. The lesson to be derived is that much greater effort must be devoted to designing joint machinery for federal-provincial fiscal policy-making and economic planning.

However, it is not just the existence of the federal system that is the source of current mythology about fiscal policy. There is the basic problem of identifying the phase in the cycle, agreeing about its duration, and then turning the tap on and off quickly enough to have an effect in the right direction. It has always seemed curious to me how blandly we talk about the efficiency of fiscal policy, without examining the record. In fact, there was a highly illuminating commentary in Volume 2 of *The Report of the Royal Commission on Taxation* in 1966, which examined the record of fiscal policy in relationship to the apparent state of the cycle. For the period 1954-63, the Commissioners reported the following:

> "In our view, fiscal policy was approximately in the right direction and of the right magnitude about half the time. In three of the ten years, 1959, 1960 and 1963, we would judge discretionary fiscal policy to be perverse, and especially so in 1959 and 1960.
>
> Looked at in broad terms, fiscal policy in the period under consideration was too expansionary in 1956 and too restricted thereafter. In very few years was there a real problem of choosing between conflicting objectives, although faulty forecasts, and other errors of diagnosis, led policy makers to think and act as though they were faced with such conflicts."

In addition to the chronic problem of adequate data at the right time and proper timing in the application of policy, we must contend with so-called 'fiscal-drag", whereby we build up eventual over-kill in the system and subsequently compound our difficulties. This issue is highly relevant as we struggle today with high unemployment and economic slowdown, whereas, in my opinion, inflation will be back in full stride by early 1976 and will remain the true enemy.

Should the Minister of Finance bring down a new expansionary budget? In view of the extended period before fiscal policy has any impact, as *The Royal Commission on Taxation* indicated, I would answer that the November 18 Budget last year should have been more expansionary and we would now be enjoying the benefits when we need them. However, an expansionary budget next May or June may only add fuel to the rekindling flames of inflation later this year while taking effect too late to stimulate the productive side of the economy when we need it. We should applaud the willingness of the Ontario Government to extend fiscal policy to the retail sales tax for a short duration. However, even in that instance, the impact would have been better timed if introduced a few months ago. Generally speaking, we need these measures quickly and of sufficient magnitude to have adequate impact. This means that fiscal policy should be much less formalized and the budget cycle less of a master. If the Minister of Finance really felt, as he has been hinting for weeks, that stimulus is required, would it not have been better to bring back Parliament and introduce the necessary tax bill quickly?

Under the present circumstances, with unemployment threatening and inflation persisting, it also seems inconceivable that a strongly based federal government, at this stage of its electoral cycle, would have recommended an increase in the price of oil. The world oil price is not a true market price in the economic sense, but a political price that is bound to come down. It is also extraordinary that the Premier of Ontario should be accused of political posturing in his adamant opposition to the increase. All politicians posture just as all editorial writers editorialize. The real issue is whether the posture is a correct one or not. Timing is of the essence. No one would argue that the price of oil should never change, but it would be the height of folly to do so at this particular conjunction of unemployment and inflation.

That leads me to ponder the concurrence of the two great Keynesian opposites—inflation and unemployment—or stagflation. The role of monetary and fiscal policy in the Keynesian world was to dampen down the economy or to stimulate it with the result that we would achieve full-employment with price stability. However, a number of factors have combined to alter that Keynesian world radically, apart from the issues of federalism and ill-timing:

> The decline of the market and the increase of administered pricing.

The growth of unions and union contracts.

The increase of basic government programmes and expenditure as a fixed component of the Gross National Expenditure.

The increase in the service sector component of the economy and the difficulty of finding new productivity gains.

The increase in "buy now, pay later" and consumer credit.

The combination of institutional changes of this nature has set the stage for the major characteristic of today's economy—the tendency for consumer expectations to run ahead of productivity with inflationary potential a built-in characteristic of the modern economy.

Today, unlike any period in the post-war era, we sense deep-seated feelings of discontent and grave uncertainty about the future. It is rather like the cartoon of a man standing in front of the information booth in a department store and saying to the girl in the booth: "Where is it all going to end?" Why, in one of the wealthiest economies in the world is there such widespread social dissatisfaction and striving for more in exchange for less? What is the fundamental source of inflation that is causing such stress in the economic and social system in Canada? Indeed, where is it all going to end?

My simple answer is that your expectations and mine for goods and services are rising faster than our ability or willingness to add to productivity. The task is not diagnosis of the ailment but prescription of the cure and willingness to swallow the medicine. You cannot distribute wealth or enjoy it before you have created it and the simple fact is that productivity is lagging behind our aspirations. Moreover, the problem is clearly of our own making. The suggestion had been made repeatedly that we were importing inflation and had no control over it. However, as the Minister of Finance confirmed at the Conference of First Ministers last week, the fact is that costs are now rising much more rapidly in Canada, particularly in wages and salaries, with serious consequences for our international competitive position.

The Financial Post remarked recently: "Certainly the marked slowdown in output per person employed has been one of the mysteries of the 1970's." It is true that recent increases in output per employed person slowed from 2% in 1972 to 1.6% in 1973, with no effective increase at all last year. But with respect, I do not think it is a mystery. A number of factors combine to explain it, among them:

> Massive shifts to service sectors and government where productivity gains are hard to come by.
>
> A general shift to fewer hours of work and less time at work.
>
> The lack of sustained incentives to renew capital equipment.
>
> The declining tendency to worship at the altar of the Gross National Product and a greater concern with quality of life (or the so-called urge to take some of the grossness out of the gross national product).
>
> The chronic uncertainty and instability in intergovernmental relations which has deterred necessary drive and initiative in the private sector.
>
> The complicating factors of food shortages and energy restrictions.

Prices have risen as a result of expectations outpacing economic performance, with the price system now bearing no resemblance to productivity. Although our aspirations have continued to expand, we have moved into a virtual state of "zero growth" and a "steady state" in productivity. As Mr. Turner described it last week: "We are now at the stage where various groups, driven by the desire to catch up with the rapid inflation that has occurred and protect themselves from the future inflation they fear, are making demands upon the economy which add up to more than the economy is capable of producing." At the same time, the diminishing base of the economy that is truly productive is being asked to carry more and more of our public requirements. Meanwhile, we are asking governments to solve problems whose ultimate solution lies with us. What kind of Canada do we want? How hard are we willing to work to achieve it?

Recently, I asked a young friend how he was doing in school and he replied "I'm doin' good. I'm doin' good in reading and in arithmetic and I'm doin' real good in grammar." In turn, I said: "Don't you mean you are doing really well in grammar?" He said, "Oh no, I'm not doin' that good." We would certainly do well if we could do better in our productivity performance.

However, we must also be careful how we use the term "productivity" because, with our increasingly service-industry economy, we require other yardsticks of effectiveness; the assembly-line term productivity may actually mislead us in establishing desirable public policy. Let me illustrate by some comments about the impact of current economic conditions on the state of Canadian universities. It is perhaps curious that, in Ontario, one sector that is being urged to do what the overall economy has not been doing, in terms of productivity, is the university. We are not being told that politicians, professional athletes, or ballet dancers should be more productive, but university professors must be. One of the shortcomings of the term "productivity" is its narrow, quantitative meaning. The term in universities has come to be applied to the staff-student ratio. Quadruple the numbers in a classroom and all will be well, it is argued. However, that says nothing about the quality or effectiveness of the teaching and nothing about research, scholarship, and student guidance and assistance and the countless other activities of professors in a university. What we require then is attention to "productiveness"—a term which employs quality and merit as true yardsticks of effectiveness.

Nor do I like current proposals for reducing admissions to the universities, and the assumption that this will automatically ensure the admission only of the more gifted members of our society. I believe we are far from the ideal goal of equality of educational opportunity in Canada. I am not convinced that sons or daughters of hard-rock miners in Timmins, assembly-line workers in Oshawa, or marginal farmers in Eastern Ontario have the same economic and environmental advantage, nor am I convinced that newcomers to Canada with language handicaps have the same opportunity for getting to university. We must continue to broaden educational opportunity. At the same time, we should avoid confusion between the terms "élitism" and "merit". Universities should not be élitist institutions, but they must be places of merit. To ensure opportunity to all who can profit from the university experience will help to accomplish that objective.

Other questions are raised by the debate over admissions policy. What is the basic purpose of the university? Are we to continue with mass education or revert to the academy? Are we to provide general education or occupational preparation? Are today's courses designed and taught in the most appropriate manner? For example, should science continue to be more important than the humanities in preparing a person to be a medical doctor today?

As a new university president, I believe that I brought a reasonable degree of objectivity to the preparation of my first university budget. I also believe that we are now in danger of gravely diminishing the basic quality of our universities as a result of under-financing. But I have never taken the view that it was sufficient to blame an uncomprehending public or an unsympathetic government. I believe that we can convince the public and governments, but we will have to work at it.

In 1956, a significant national conference called "Canada's Crisis in Higher Education" was held in Ottawa to discuss ways of preparing for the great bulge of post-war babies that swept like a tidal wave across old and new universities in the 1960's. I believe that in 1975, we require another such conference, a national conference on "The Survival of Universities in Canada" in order that we can chart our course for the Seventies, renourish our declining morale, and provide not only the provincial governments but the federal government with renewed evidence of the social importance of universities.

Perhaps at this stage you are wondering about the connection of this with my main theme about the Canadian economy. Well, in one sense there is none, because I do not regard the justification for education as "investment in human capital" in that unfelicitous phrase of the Sixties. However, I would insist that we will not improve our economic position or enhance our highly favoured social situation without the strong leadership and the wide variety of humanizing influences, which universities can provide. I believe that the universities can still offer that leadership and I would be happy to document the proposition, but that would require another speech on another occasion.

The story is told of an absent-minded professor who lived on Toronto Island. One morning, he rushed down to dockside and saw the ferry about two feet out from the dock. He flung his briefcase abroad and with an heroic leap, landed on board in a heap. Looking up with a benign smile, he gasped: "I made it." To which one of the hands replied: "Yes sir, but why didn't you wait until we docked?"

The Canadian economy labours under no such confusion. It has docked and is not moving! And yet, a magnificent journey still lies ahead for Canada if we can rev up the engines, keep down the price of fuel, encourage the helmsman to steer the smoothest course, and urge the hands to be more moderate in wanting to enjoy the benefits of the promised land before we have arrived. Clearly that involves a wide degree of understanding, and some national goals and objectives. We must all work at the first and we should insist on no less than the second.

Dr. Macdonald was thanked on behalf of The Empire Club of Canada by Colonel E. A. Royce, a Past President of the Club.

APRIL 24, 1975

President's Report — Annual General Meeting

CHAIRMAN The President, Sir Arthur Chetwynd

SIR ARTHUR CHETWYND:

Distinguished guests, ladies and gentlemen: This is the last meeting of our regular season. It is also our Annual Meeting. Because of this I must beg the indulgence of our distinguished guest speaker and the guests assembled here as I dispense with a few formalities.

My first duty (and this has been our custom for some seventy-two years) is to present my report as your President for the 1974-75 season. I will be as brief as possible.

This has been a year of challenge and change, some of it planned and I believe productive, and some of it forced on us by the day-to-day exigencies of life.

Two major changes were very happy ones, involving our two senior honorary officers. The Right Honourable Roland Michener retired as Governor General and I am glad to say that his successor, His Excellency Jules Leger, Canada's new Governor General, graciously accepted our invitation to become our Honorary President in keeping with one of the important traditions of The Empire Club of Canada.

Then again, very important history was made in Ontario and indeed in Canada when Dr. Pauline McGibbon took over from the Honourable Ross Macdonald to become the first woman Lieutenant Governor of Canada, and we are most proud that Her Honour agreed to become our new Honorary Vice-President.

Under the heading of changes, we inaugurated a more visual format for our weekly meeting notices. Under the heading of forced change, we had a major disruption of mail services which necessitated several newspaper ads and of course extra costs, which we had not budgeted for, in our efforts to keep our members informed.

We increased our efforts to encourage weekly attendance of metro high school students as our head table guests. I hope they have enjoyed their brief experience with us. They have all been a great inspiration to your President.

Our membership, of course, changes each year. At the beginning of this season we set a target of twenty-five hundred members. The actual count as of yesterday was 2,453. Included in this total figure are: 104 life and honorary members, up seven from last year; 1,938 renewals; and 411 new members. Of special interest is the fact that we have increased the number of our women members from 74 at this time last year to 181, a healthy gain of 107 new and valuable members.

We welcomed twenty-eight distinguished speakers, including two from England, two from the United States, one Australian, and of course as of today one notable Irishman, and twenty-two Canadians representing British Columbia, Alberta, the Northwest Territories, Ontario and Quebec.

First and foremost was the memorable visit of Her Majesty, Queen Mother Elizabeth on June 26th, 1974, when together with the Toronto Scottish and other regiments, and the Loyal Societies, we had the great honour of welcoming Her Majesty at a grand royal dinner for what may be her last official visit to Canada.

We had three other joint meetings. With the Canadian Club we heard from Canadian-born Mr. J. K. Jamieson, Chairman of the Board, Exxon Corporation of New York. The English-Speaking Union joined us to welcome another distinguished Canadian, His Excellency Sir Edwin Leather, the new Governor of Bermuda. And just three weeks ago the Loyal Societies joined with us to greet another most distinguished and interesting native-born Canadian, Dr. Conrad Swan, York Herald of Arms-in-Ordinary to Her Majesty Queen Elizabeth II, at a very happy evening of dining and dancing.

For the remainder of our regular meetings we were most honoured to welcome an array of talented and interesting guest speakers discussing a wide variety of subjects: British-Canadian relationships, Canadian and international business, federal and provincial politics, the energy crisis, education, inflation, agriculture, Bermuda-Canadian relations, food prices, medicine, NATO, the Northwest Territories, the lively arts, and the humanities.

Time does not permit me to mention all the names and subjects covered by our distinguished guest speakers. In passing, I think it is worthy of note that two of our most popular speakers were Dr. Bette Stephenson, President of the Canadian Medical Association, and Mrs. Beryl Plumptre, Chairman of the Food Prices Review Board. I must now of course add today's most distinguished guest from Ireland, Lord Killanin.

We received considerable recognition in the media. For this we owe a sincere debt of thanks to our speakers, for the quality of their presentations, and of course to the media for their interest in our programme.

As usual our annual Christmas Luncheon was a highlight, when we welcomed Her Honour the Lieutenant Governor of Ontario as our very special guest, and had the opportunity to listen to the music performed by the Choir of St. Paul's Anglican Church, Bloor Street, under the leadership of Dr. Charles Peaker. Eight hundred and nineteen people were in attendance on that day, which I believe is a record.

In summary, over seven thousand people turned out to our meetings, for an average attendance of 287 per meeting.

As usual we are indebted to the staff of the Royal York for their professional and friendly service. I would ask Mr. Horbay, who is with us at our head table today, to pass on our appreciation to such people as Adrian, Charlie, Steve, Jack Wells, and to all other staff members for their courtesy and co-operation.

To keep ahead of the game financially and to insure that we continue to provide good audiences to honour our guest speakers, we must continue a vigorous drive to keep up and increase the total membership. The hard work of the membership committee would be made much easier if every member would renew their memberships for next year *now*, and at the same time endeavour to bring in at least one new member each.

We have had some sadness. It is with deep regret that we must report the recent deaths of two well-known members of the Club: Mr. Gordon Grundy, who served on the Board of Directors until last year, and Group Captain Bunt Waddell, D.S.O., D.F.C., who served at the same time and was Secretary-Treasurer of the club in 1971-72. These two men died within two weeks of each other near Easter of this year. They will be greatly missed.

The financial picture of the Club is still in the black, although not quite as healthy as in the three previous years. Our able and talented treasurer, Mr. Ron Goodall, advises me that he expects the year end to show an excess in income over expense of about $2,000. Member equity would now stand at approximately $22,000. We are feeling the effects of the inflationary spiral in the same manner as every other organization. Accurate forecasting of budgets is not easy. However, members can rest assured that your Board of Directors will do their utmost to prevent any increase in membership fees and minimize any increases in the price of luncheon tickets.

I must say a word of praise about The Empire Club Foundation and its Chairman, John Griffin. It is the foundation, with funds made possible by the generous support of benefactors and donors, who cause our annual Yearbook to be published. This is the only book of its kind in Canada published yearly which puts down, on, and for the record the words of each guest speaker. Some 3,500 copies are distributed annually to public, university, college and high school libraries across Canada. And of course each member of the Club receives a complimentary copy. We urge anyone interested and able to support this very important part of our programme to contact John Griffin or any of the directors. Either he or they will be pleased to tell you about The Empire Club Foundation which is a registered charitable foundation.

All things being considered, I think and I hope that we have had a reasonably good year. I hope that you, the members and your guests, have been informed, at times inspired, and sometimes even entertained by our programme, and that we have been able to keep alive the good tradition of The Empire Club of Canada and perhaps we may have even started a few new traditions.

The presidency of The Empire Club of Canada is a challenging and exacting position. It is also a great honour to have been chosen to be the leader of such a fine and historic organization. I have been surrounded with marvellous support from the directors and very hard-working committees, all volunteers without whose talent, dedication and interest the President's survival would be impossible.

On a personal basis, I am deeply indebted to the staff of our own small company for their help and support throughout the season, particularly our receptionist Linda Meise who has never failed me or you. A special thanks to the chairmen of all committees and their secretaries who I know have been pressed into extra service. One in particular is with us today, Sheila Godley, Colonel Reg Lewis' secretary. She has been absolutely invaluable each week in helping to organize the head table list.

To all the officers, past presidents, directors and committee members, all volunteers, who have worked so hard and so faithfully; to Eleanor Cook our forever hard-working executive secretary; and finally to you and all the members of The Empire Club of Canada, my sincere thanks for your generous support, courtesy and interest.

The aims, objectives and programme of The Empire Club of Canada are I believe, enormously worthy. Our function has stood the test of time as we head towards our 75th anniversary celebration, just a couple of years away. I believe we have made and will continue to make an important contribution to the fabric and the history of Canada within the Commonwealth of Nations. I am most proud to have had the unique experience and opportunity of serving as your seventy-second President.

I respectfully submit this report.

SIR ARTHUR CHETWYND:

I now call on General Bruce Legge, who is Chairman of the Nominating Committee, to submit his report.

GENERAL LEGGE:

Mr. President, My Lord, Your Excellency, Right Honourable Sir, ladies and gentlemen: I have the honour to report for the Nominating Committee of The Empire Club of Canada which was comprised of Robert Armstrong, Reginald Lewis, Hal Jackman, James Parrish and John McNaughton from the Board of Directors and John Griffin, Arthur Langley, Bredin Stapells and me from the General Membership. We had the pleasure of Sir Arthur Chetwynd's advice in his *ex-officio* capacity.

The honorary officers of the Club are: Honorary President, the Right Honourable Jules Leger, the Governor General of Canada; Honorary Vice-President, the Honourable Pauline McGibbon, the Lieutenant Governor of Ontario; Honorary Solicitor, the Honourable John P. Robarts, P.C., C.C., Q.C.; Honorary Secretary, His Worship Mayor Willis Blair; Honorary Assistant-Secretary, George Stafford; Honorary Treasurer, Marvin Gelber; Honorary Assistant-Treasurer, the Very Reverend Ernest Howse; Honorary Auditor, H. T. Jamieson; and Honorary Historian, Ernest Miles.

The Directorate of The Empire Club of Canada consists of forty Directors, and our most illustrious and happy President, Sir Arthur Chetwynd, will continue to be a Director as the Immediate Past President and a principal advisor to the new President. The three other Directors who are Past Presidents, as required by the Constitution, will be Robert Armstrong, Joseph Potts, Q.C. and H. N. R. Jackman.

The Treasurer will be Ronald Goodall, C.A., and the Secretary will be Leland Ausman.

Since 1903 The Empire Club of Canada has been fortunate to be able to blend the continuity of directoral service with the inauguration of new Directors and this year we are delighted that the following gentlemen will continue to serve as your Directors:

Philip Ambrose
Donald Bath
Donald Carlisle
Ian Collins
Dr. Clarence Crummey
Marcel Desautels
Dr. Emerson Dowd
Carlyle Dunbar
Hugh Franks
Duncan Green
John Herrick
Major Chas. Hoffman
Lt. Col. Peter Hunter
William Karn
Alex Langford, Q.C.
John McNaughton
Malcolm McIntyre

Ian McPhail
Vladan Milic
Dr. James Parish
A. C. Ryley
Lt. Col. Ted Shuter
Lt. Col. Hugh Stewart
Lt. Col. John Strathy
Gordon Swayze
Terrence Tyers
Rev. Robert Watt
William Whiteacre, Q.C.

As new members of the Board of Directors, we have great pleasure in recommending—Harry Seymour, Douglas Derry, Lt. Col. Michael Stevenson and the historic and charming Miss Catherine Charlton.

The continuity of leadership will be immeasureably strengthened because our distinguished Vice-Presidents will serve again, with "Mr. Canada", Mr. John Fisher, as 1st Vice-President; Mr. Peter Hermant, of the famous Empire Club family, as 2nd Vice-President, and the talented Colonel Reginald Lewis as 3rd Vice-President.

For your new President, the Nominating Committee is pleased to recommend Mr. Allan Leal, Q.C., LL.D., the Chairman of the Ontario Law Reform Commission. For many years Dr. Leal has been an Empire Club man who has rendered many services to the Club, including that of being one of our speakers. He has been both First Vice-President and Second Vice-President and was for many years a Director. Dr. Leal is a man in the best Canadian tradition of learning and service. He was awarded the A. G. Alexander Scholarship for study and travel abroad in 1939, as well as the Governor General's medal. In 1940 he was elected a Rhodes Scholar from Ontario. At his *alma mater*, McMaster University, Mr. Leal was a hockey player and coach and has always been interested in sports. During the war he was a Captain in the Royal Canadian Artillery and afterwards graduated from Osgoode Hall Law School. He then served as Lecturer, Professor and Dean between 1950 and 1966, when he was appointed Chairman of the famous Ontario Law Reform Commission. Mr. President, the Nominating Committee has infinite confidence that Allan Leal will be an adornment to the long line of accomplished Presidents of The Empire Club of Canada. He is an Empire Club man, a gallant gentleman and one of Her Majesty's Counsel learned in the Law who is ideally suited to be our 73rd President. And I so move.

SIR ARTHUR CHETWYND:

Thank you very much, General Legge. Do we have a seconder? Dr. Cranfield . . . thank you. The Constitution of the Empire Club requires that the Directors are brought in from the membership. Are there any further nominations? I would ask you to signify in the usual fashion. All in favour? Contrary-minded? I declare the motion carried.

The Directors elect their own executive, but at this time it is appropriate to ask your new President-designate, Allan Leal, to say a few words.

MR. LEAL:

Mr. President, Lord Killanin, distinguished head table guests, ladies and gentlemen: In at least two ways the election to the presidency of this Club is similar to the election of the President of the United States of America. In the wisdom of our founding fathers, the election of your President is by indirection. Like some elections in the United States, and particularly on one notable occasion, the results may be announced prematurely and indeed with a high degree of inaccuracy.

May I say that I am deeply conscious of three things. The first is that this is an honourable, an old, and a good society. It is not good because it is old. It is old because it is good. I am aware that someone who succeeds to the office of President of the Empire Club has heavy upon him the trust and the obligation to nurture and to mold our traditions, in the changing time and the changing world, and not to despoil them. It will be my challenge and my privilege and opportunity to put my footsteps in that path with your co-operation and support.

I also, Mr. President, have the conviction that I follow a long line of illustrious and capable chief executive officers of this association. One can emulate them without attempting to equal them, and I set my task in those ways as well.

Finally, may I say that I know that you would want to be associated with me, each and everyone of you here today and all those who are members of this Club, in thanking most sincerely Sir Arthur Chetwynd, our retiring President, for his energies, his enthusiasm and the talent that he has brought to this task, making this for us a banner year in the Empire Club.

May I close, Mr. President, by extending an invitation to the newly elected Board of Directors to join with me at the conclusion of this meeting in order that we may proceed with the business of the next year. Thank you very much.

APRIL 24, 1975

Olympic Structures

AN ADDRESS BY Lord Killanin,
PRESIDENT OF THE INTERNATIONAL OLYMPIC COMMITTEE

CHAIRMAN The President,
Sir Arthur Chetwynd

SIR ARTHUR CHETWYND:

My Lord, Your Excellency, ladies and gentlemen: In the press of time on this, our annual meeting day, we are fortunate in having a speaker who is so well known that his introduction can be tailored to meet the constraints of time—thus leaving our guest a longer period to speak to us on the subject of the 1976 Olympic Games.

Lord Killanin's life to date has been filled with activity, service, accomplishment and honours. Consider all of these facets of his exciting career:

— He was educated at Eton, the Sorbonne and Cambridge University.

— He was an athlete—he boxed and rowed.

— He was a journalist on Fleet Street. In 1937-38 he was a war correspondent in the Chinese-Japanese war.

— In 1938 he joined the King's Royal Rifle Corps. He took part in the invasion of Normandy, for which he was made a member of the Order of the British Empire.

— He has been a film producer and script writer, involved in the production of a number of films. He was associated with the late John Ford in the making of "The Quiet Man".

Your president has a kinship with our speaker in this regard, although I have never been accused of being a "quiet man". Our kinship extends to the fact that our families, that is our wives and children, are also involved in the lively arts. Even our family mottos have a similar and useful ring. The English translation of Lord Killanin's family motto is "If God be with us, who can be against us?" and my own family motto is "What God wills, let it be", both handy reminders of the strength of the deity and an acceptance of life as it is.

- He is a member of the board of directors of some seventeen companies and corporations. To name a few: Irish Shell and BP Limited, Northern Electric Company (Ireland), Irish Off-Shore Oil Ltd., Ulster Bank Ltd.
- He has served the Irish Government in cultural matters, and done a lengthy stint with the Irish Red Cross Society. He has also served as chairman of the Galway Race Committee.
- In 1950 he was elected President of the Olympic Council of Ireland and is now President of the International Olympic Committee, the committee responsible for staging the Olympic Games, an event of great importance to Canadians, as the next Olympics will be held in Canada in 1976.
- Lord Killanin has been decorated by some dozen countries, other than his own.
- Our speaker today, then, comes from an old and celebrated family. His family, one of the fourteen "tribes" of Galway, dates back to the 14th century under the family name of Morris. He will speak to us about an event which had its beginnings hundreds of years B.C. and now is to be staged in the modern trappings of the city of Montreal.

The Olympics is invariably a controversial event, and yet at its heart it carries the high purpose of international peace and in its symbolic flame the high ideal of the brotherhood of man. Lord Killanin's career to date—his dedication, his determination, his sense of service and goodwill—seems to have provided an admirable training ground to fit him philosophically for his present challenging task, even as other training grounds are now fitting literally thousands of young athletes for the high and demanding sacrifice required by the Olympic standards.

Ladies and gentlemen, it is indeed a great honour to introduce to you the President of the International Olympic Committee, Lord Killanin. My Lord.

LORD KILLANIN:

Mr. President, ladies and gentlemen: I am very happy to be invited to address you at this lunch in my capacity as President of the International Olympic Committee. This is not the first time that I have visited Toronto but it is the first time in this particular capacity. I must say I have fairly vivid recollections of some of my previous visits. Some years ago, I arrived on the 12th of July. I also arrived, once, rather thirsty on a Sunday! I attended, in this hotel, a Variety Club convention of which I have two memories. One is being kissed by Joan Crawford—we were both very much younger!

As for the other—I was with a delegation from Dublin, trying to get the convention of the Variety Club to Dublin. I wandered around this hotel, with a very large paper shamrock. Written on it was "Dublin for you in '62!" We were competing (rather as people try to get the Olympic Games) and the opposition was Houston, Texas. We had to make a bid, and explain all the facilities we had in Dublin for a convention. I was very proud because I had got from the Tourist Board the number of baths, and the number of beds, and the baths per bed, and all the different statistics. I thought I was doing very well till the gentleman from Texas got up and said he was very sorry to prick my balloon, but in Houston, Texas, not only was there one bathroom to *every* bedroom, but there were *two*! So I had to explain rather contritely that in Ireland we were very old-fashioned—we put the hot and cold water in the same bath! Anyhow, we got the convention.

Many times I much prefer speaking off the cuff, but as today this is recorded, and what I have to say I wish to say with some care, I will therefore stick fairly closely to a script.

On July 17th next year the XXIst Olympic Games will open in Montreal. At the same time, certain of the preliminaries in such sports as football, and basketball, will be taking place in other cities, one of which is Toronto, and the yachting events at Kingston, Ontario, which is represented today by the Mayor, and which city I am going to visit tomorrow.

How did this come about? Why is it happening? And what is the use of it all?

In selecting for my topic "Olympic Structures", I realized the title might immediately call to mind those structures in Montreal that have been the subject of so much concern and media comment—the Stadium and the Athlete's Village. These are not, however, the structures I have in mind.

As I am, from here, on my way to Montreal to meet with the Organizing Committee (which is represented by Ambassador Rousseau today), the President and Commissioner, and to see for myself the current state of progress, I will naturally refrain from anticipating the results of that visit by comment at this time. But I have already had preliminary reports from friends who have been there, and I must admit I am going to Montreal in a very optimistic frame of mind.

However, before I discuss the structures I have in mind, I can perhaps help clarify some of the background to the controversies that have plagued the Olympic Movement in recent years—particularly with regard to staging the Olympic Games. The controversies tend to reflect problems of scale.

The size and complexity of hosting operations have grown to immense proportions and the Olympic Movement too often gets blamed for problems that really result from success, problems that accrue because other interests recognize the appeal of that success.

We have been accused of leaving white elephants behind on the sites of Olympic Games. Obviously this is not our intention, nor is it an Olympic requirement. Of course, the Olympic Movement's growth has contributed to the complexities in Olympic Games operations, but it is worthwhile to examine the true nature of this particular pressure. I do not believe that any city or country has ever regretted staging the Games.

You will, of course, recognize that a track with eight lanes can only accommodate eight racers. The growth in the number of Olympic competitors does not mean bigger tracks with more lanes, but simply more *time* to stage preliminary events to identify the eight finalists.

Thus the growth of the Olympic Movement over the past few decades, with some fifty new National Olympic Committees joining in over the past twenty years, has meant considerable pressure on the time dimensions of the games.

There has been a trend in Olympic countries to enter in more of the Olympic Sports disciplines, and also an increase in women's participation, so we need more time for diving, more time in the pool for swimming heats, more time in the rowing basin and in the sports halls.

Hosting countries, reflecting the increased participation in more of the Olympic Sports disciplines, have tended to plan for all, or almost all, the recognized Olympic events although this is not an I.O.C. requirement. They are required to stage only sixteen of the twenty-one Olympic Summer Sports on their programme. Twenty-one were staged at Munich, and twenty-one were offered by the three candidate cities when Montreal was successful, and twenty-one sports are on the programme for Moscow in 1980.

All of this does not create a need for bigger stadia or swimming pools. It does mean a need to have them available for a day, or two, or three, longer to accommodate the growing number of required preliminaries.

However, in one area there has been a major increase in facilities scale. That is in housing. The growth of the Games which now involves five to six thousand athletes plus coaches, trainers, the medical support staff and the administrators, calls for an Olympic Village of considerable size. I am the first one to admit that the word "village" is possibly no longer apt, but we use it in a traditional way.

This, however, is not usually a problem for most hosting cities because they generally need new housing, and the Olympic requirements simply stimulate desire to acquire that needed housing more quickly. We do not need luxury accommodation, but we do want the athletes housed together, so that they can relax and mingle with each other, have needed privacy and now, of course, reasonable security arrangements to combat the behaviour of extremists.

Coming to Montreal, as a direct result of the growth in the Olympic Games, will be a media contingent of some five thousand reporters, broadcasters and camera men. Strictly speaking this group is not part of the Olympic requirement, but is, rather, a remarkable testimony to the world-wide appeal of the games. However, it is, of course, a very welcome and desirable dimension to the Olympic Games, and to accommodate this contingent, both for housing and working facilities, there is a problem of space and communications servicing.

To put all this in perspective, however, we are talking now of some ten to fifteen thousand persons attending officially, besides the tens of thousands of tourists and spectators. Numbers should not necessarily be a problem.

By now you may be wondering what all the fuss is about. Why the trend to vast spectaculars and vast expenditures on structures and facilities? The answer to that lies not with the International Olympic Committee, nor with the National Olympic Committees, but with business, industry and governments. With the skyrocketing surge of interest in the Games and the stupendous range of media coverage, business and governments saw a staggering opportunity to tell their stories to the world.

Host cities were able to capitalize on Olympic interest to justify rapid development of infrastructures such as ring-roads, underground transport, new sports facilities, and so on. National governments saw opportunity to tell the world, via Olympic exposure, about their tourist attractions, their industrial resources, their cultural standards and their social objectives.

The Olympic Movement, the Olympic Games, the International Olympic Committee do not themselves demand lavish extravagances or vast expenditures for this facility or that civic improvement.

It is the dividends available to business, to industry and to governments that create the demand for more, better, and more sophisticated showcases for the Games. Our athletes and our sports events need little of this and indeed there is some concern that they may be more the victims than beneficiaries of this growth of peripheral development.

And now we come to Canada, and Montreal in 1976.

Montreal applied in 1966 for the 1972 Games and in 1970 made a successful bid against Los Angeles and Moscow. The Montreal application had considerable appeal to the I.O.C. for several reasons. It is, of course, a very attractive city of world-wide fame for its colour, hospitality and cosmopolitan atmosphere. Canada had never before hosted the Games and yet had been a strong supporter of the Olympic Movement from its earliest days. Expo had demonstrated that Canada and Montreal could stage a major event with flair and imagination, yet keep the event within the human scale.

But there were other, more pragmatic factors that appealed to the I.O.C.

Montreal plans called for many of the preliminaries to take place in existing, smaller halls, with the final events in selected larger halls suitable for this particular purpose. There were no plans for many large facilities, built for specialist sports, and which might never be used again. The plans did call for a new stadium, suitable for Track and Field events, for the opening and closing ceremonies, where the soccer finals will be held and where the very popular Prix des Nations equestrian jumping event is staged. Montreal plans included incorporation of a swimming pool in this complex, as well as the press centre.

Thinking beyond the Olympics to other sports events on a year-round basis, the stadium is planned to suit the local climatic conditions for twelve months of the year.

Another element of Montreal planning that appealed to the I.O.C. was its scheme of self financing. This is the first time that this has been attempted on a 100% basis. Munich raised 75% of the costs by coin sales and other schemes, but of course, a big difference between Munich and Montreal lies in the fact that Montreal already has, as a legacy of Expo, much of the infrastructures Munich had to build.

However, as I started out to say, Olympic structures are not steel and concrete, but human structures.

First, the structure over which I preside, the International Olympic Committee. This is a self-perpetuating body which now has seventy-eight members from sixty-five countries and an unwritten ceiling of eighty members and a maximum of two from any one country in special circumstances. When first elected to the I.O.C. in 1952, having been President of the Olympic Council of Ireland, I felt that the format should be changed to one country one vote, but I am now convinced that the founder, Baron de Coubertin was wise. We have our difficulties and problems, many of them political, but I believe these would be much greater if the I.O.C. were just a place for promoting to or unloading people from the National Olympic Committees, although most of its members have had long experience on National Olympic Committees or Sports Federations.

The I.O.C. is entrusted with the responsibility for developing and promoting the Olympic concept. The I.O.C. determines the rules of entry into Olympic participation based on its trusteeship responsibilities and the evolving conditions in sports activity.

In turn, the International Olympic Committee delegates responsibility for Olympic matters within each country to a National Olympic Committee. These can be formed when the country has at least five active sports associations, that are recognized by the international sport federations within the Olympic family of sports. There are twenty-one such international federations recognized for participation in the Olympic Summer Games.

The International Federations are omnipotent bodies for their own sports at all times. For the Games, in conjunction with the COJOs (the organizing committees), they control all technical matters, whether equipment or personnel. They work closely with the I.O.C., with whom they have regular meetings, and as mentioned, their affiliates from the National Olympic Committees. The National Olympic Committees in turn have the sole authority to accredit athletes of their country for entry into the Games. The National Olympic Committees, in concert with the I.O.C., have also another responsibility, which is to promote the Olympic concept.

The Olympic Games are simply the most visible, the most dramatic aspect of the Olympic Movement. They are not in themselves the purpose of the movement, but are a showcase of the concept and its progress.

Quite naturally, the Games draw the greatest degree of attention and interest. The excitement, the desire to excel, the urge to establish performance records have, in fact, often combined to obscure the fundamental purpose of the Games and the Olympic Movement.

The Olympic concept is a philosophical approach to life. This concept finds a common denominator amongst all people of the world, a common denominator in an effort to develop the perfect man or woman, which means both physical and intellectual growth. Despite the motto *Citius Altius Fortius* (Swifter Higher Stronger), the objective of the Olympic Games is not to beat all previous records. It is to meet, to compete, and try to win.

The appeal of a record performance, or of an unofficial, but documented, points victory by one country over another or many others, is obvious. This is something that we do not necessarily encourage. The fact that this appeal exists, and that too often it may distort the involvement of an athlete, a team or a national contingent does not indicate that the Olympic ideals, or the objectives are at fault and somehow lacking.

The interesting part of this appeal for records and medals in the Olympic Games is that there are so many other occasions where similar records and similar symbols of victory can be obtained. Almost every Olympic sport has world and regional championships. Why then does a victory at the Olympics seem so special, so significant?

There are several reasons.

No single amateur, non-professional World Championship event attracts the interest of the world as does a final of that event in an Olympic Games situation. A gold medal in Olympic competition is more than just another gold medal—it is an *Olympic* Gold medal with an aura of its own. And, for most competitors, the cycle of four years between Games means a once-in-a-lifetime chance at an Olympic award.

But also there is in the Olympic Games the recognition of the idealism of the Olympic concept. By today's standards this idealism may seem, as so many media commentators imply, far beyond the reach of man and totally unrealistic.

But youth is idealistic and those of us who can no longer claim chronological youth need never forego a yearning for something better, the development of humans more finely tuned mentally, spiritually and physically.

This is the goal of the Olympic Movement and therein lies its widespread and growing appeal. The Games are the festival of the Movement, the occasion when athletes from around the world gather, mingle, compete, and reflect, in their performances, the growth of the Movement in their own lands.

In the opening ceremonies, when the contingents march in country by country, there are large teams of one hundred, two hundred, three hundred or more athletes from countries with long sports traditions and strong economies. And there are contingents from newer countries, with struggling economies and emerging sports programs, with only a handful of athletes, maybe only one athlete to represent it.

But these smaller contingents represent more than their Olympic Committee—they represent the gradual, but steady growth of sports as a link between societies, between countries, between individuals in a common denominator, sharing an idealistic concept.

And in that parade will be athletes who are big, and strong, athletes who are slight in stature, athletes in their early teens, and athletes in their middle years, young girls from swimming and gymnastics, graceful and fresh of face, and middle-aged men with faces tanned and wrinkled, from sun and wind and saltwater spray from yachting. There are tall basketball players, wide shouldered and squat weight lifters, ponytailed young ladies from volleyball, and heavy-set women who excel in the shotput. It's an incredible, dramatic, and heart-warming parade of races, creeds, and countries, united within the Olympic world.

Behind these athletes, back home in a hundred and thirty-two different countries, are other groups linked to the scene by long years of volunteer work as coaches, organizers, supporters of community sports activity from which the Olympic athletes emerged. Every day now, sports pages throughout the world's press are reporting on their National Olympic possibilities. These groups are other structures of the Olympics, structures that serve their own small segment of world society and serve the world in fostering the concept of the Olympic Movement.

We have the I.O.C., we have the National Olympic Committees, we have the Sports Federations at international, national, and regional levels. We have community sports programmes, and groupings of sports, working to develop events, such as the Pan-American Games, held in Winnipeg, and the Commonwealth Games which Canada will host in 1978 in Edmonton. And so it goes on around the world.

A new, emerging nation, hampered by economic problems, can still find within the Olympic Movement, sports that are within their means to develop and foster, sport structures that will give their people a goal, and perhaps some day a chance to meet with hundreds of other young people from other new or long established nations in our Olympic Village.

One of the most appealing sights in an Olympic Village is the gatherings of world athletes exchanging pins, and mementoes. Getting to know each other and, for many, forming life long friendships with athletes from other countries. Surely this is a worthwhile objective.

There in the Village and the arena, for a few days only, but probably the most memorable days of their lives, some five thousand athletes will benefit from years of practice, training and community help back home. And they will return to their communities, all of them winners, whether they win a medal or not.

I can think of other Olympic structures that reflect the values of Olympic ideals. One that appeals to me, in particular, was a club formed as Friends of the Olympics, and by membership fees and assessments, arranged to bring some deserving individuals to Munich to enjoy the games. There was a Greek javelin thrower who had suffered severe burns to his throwing hand and could no longer compete. And there was Chi Cheng, a world record holder in the women's 100 metre sprint, who suffered injury and could no longer compete. There was a pistol marksman from Bolivia who was able to compete in Munich only because this small group of enthusiasts heard of his need and found the funds to cover his travel costs.

These are just a few of the Olympic structures that are formed and contribute to a better sports world and thus a better world. These are the true Olympic structures, the human structures that started back in 1896, with a handful of idealists recruited by Baron de Coubertin to form the first Olympic Committee. Each year now we see this repeated as other small groups of idealists form new national Olympic committees.

Problems we have and these we will resolve. We will encounter new problems as the Movement expands, problems that will challenge the temper of our determination, and tax our ingenuity before we find the appropriate answer. But as I said earlier, these are the problems of success, the problems we're happy to have.

Here in Canada, in Montreal you have encountered various problems in preparing to host the 1976 Summer Olympic Games. I am confident that these will be resolved by you just as I am confident that the Olympic Movement around the world will continue to resolve its problems.

I am confident because the concept of the Olympics, the whole man, as first pursued in ancient Greece, is the concept of accomplishment, of achievement of the highest order. Achievement is the foundation of our Olympic Structures.

In conclusion, I would like to thank the Chairman and and members of the Empire Club for giving me this opportunity of speaking about the Olympic Movement.

Further, I would like to pay a tribute to all those who have spread the Olympic Movement from coast to coast in Canada. This of course includes the Canadian Olympic Association, presided over by Harold Wright, who is here today, but in addition, you have many other groups interested in the Olympic Movement. To mention but a few—the Olympic Club of Canada, which gathers together old Olympic competitors, the Olympic Trust of Canada, whose object is to raise funds and develop the Olympic Movement, the Young Olympians of Canada, the Junior Olympics and many other organisations, whose intention it is to promote the Olympic Movement throughout the country.

Lastly, I would like to say how pleased I am that Ambassador Rousseau is here, because he has the responsibility of organizing the Games in Montreal. He can rest assured that he has the support, not only of the International Olympic Committee, not only of all the Canadians, but also of every sporting organization and every National Olympic Committee in the world. Thank you very much and good luck for Montreal and Canada next year. May I just remind you that the date of the opening is July 17th.

Lord Killanin was thanked on behalf of The Empire Club of Canada by Col. Reginald W. Lewis, 3rd Vice-President.

AUDITORS' REPORT

To the Members,
The Empire Club of Canada,
TORONTO, Ontario.

We report that we have examined the Balance Sheet of The Empire Club of Canada as at 30th April, 1975 and the Statement of Income and Accumulated Surplus for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these Statements present fairly the financial position of the Club as at 30th April, 1975 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

H.T. JAMIESON, LEMAY & COMPANY
CHARTERED ACCOUNTANTS.
Honorary Auditors.

TORONTO, Ontario.
25th July, 1975.

THE EMPIRE CLUB OF CANADA

BALANCE SHEET AS AT 30TH APRIL, 1975

ASSETS	1975	1974
Current:		
Cash and Short Term Deposits	$21,152	$23,329
Accounts Receivable	589	61
	$21,741	$23,390
Government of Canada Bonds, 4½%, 1983, at Cost		
(Market Value $4,740 (1974—$4,440))	5,757	5,757
Office Furniture and Equipment, at nominal value (Note 1)	1	1
	$27,499	$29,148

LIABILITIES	1975	1974
Current:		
Accounts Payable	$ 457	$ 1,237
Due to The Empire Club Foundation (Note 1)	4,615	7,280
Membership Fees and Luncheon Tickets paid in advance	1,560	1,140
	$ 6,632	$ 9,657

MEMBERS' EQUITY	1975	1974
Life Membership Reserve Fund (Note 2)	$10,000	$ —
Accumulated Surplus	10,867	19,491
	$20,867	$19,491
	$27,499	$29,148

NOTE 1— Accounting Policies:

Office Furniture and Equipment is recorded at nominal value and additions are charged to expense in years acquired.

The estimated charge from The Empire Club Foundation for the cost of supplying the Membership with the Year Book of the current year is accrued each year.

NOTE 2— Life Membership Fund:

This Fund was created by appropriation from Accumulated Surplus as at 30th April, 1975 in order to provide a continuing income to sustain the membership costs of Life Members.

On behalf of the Board

Ronald Goodall)
Sir Arthur Chetwynd, Bt.) Directors

THE EMPIRE CLUB OF CANADA

STATEMENT OF INCOME AND ACCUMULATED SURPLUS FOR THE YEAR ENDED 30TH APRIL, 1975

	1975	1974
Income:		
Membership Fees (including Life Membership Fees, $1,100 [$200, 1974])	$36,613	$29,825
Luncheons, Net	1,410	1,268
Other	3,623	2,019
	$41,646	$33,112
Expense:		
Members' Notices	$14,368	$11,449
Office Salaries and Employee Benefits	6,933	5,456
Year Book	8,341	5,093
Publicity and Promotional	621	849
Printing, Stationery and Postage	3,018	2,485
Rent	1,350	1,372
Meeting	3,121	2,220
Office and General	1,722	491
Telephone	796	622
	$40,270	$30,037
Net Income for Year	$ 1,376	$ 3,075
Accumulated Surplus at Beginning of Year	19,491	16,416
	$20,867	$19,491
Transfer to Life Membership Reserve Fund	10,000	—
Accumulated Surplus at End of Year	$10,867	$19,491

1975-1976 *Officers and Board of Directors*

Honorary President	THE RIGHT HON. JULES LEGER, C.C., C.M.M., C.D., GOVERNOR GENERAL OF CANADA
Honorary Vice-President	THE HON. PAULINE MCGIBBON, O.C., B.A., LL.D., D.U. (OTT.) LIEUTENANT GOVERNOR OF ONTARIO

Officers

President	H. ALLAN LEAL, Q.C., LL.D.
First Vice-President	JOHN FISHER, O.C., LL.B., LL.D., D.S.S., D.LITT.
Second Vice-President	PETER HERMANT
Third Vice-President	COL. REGINALD W. LEWIS, C.D.
Secretary	LELAND H. AUSMAN
Treasurer	RONALD GOODALL, C.A.
Honorary Secretary	HIS WORSHIP WILLIS BLAIR
Honorary Assistant Secretary	GEORGE O. STAFFORD
Honorary Treasurer	MARVIN GELBER
Honorary Assistant Treasurer	VERY REV. ERNEST M. HOWSE, S.T.M., PH.D., D.D., LITT. D.
Honorary Auditor	H.T. JAMIESON, F.C.A.
Honorary Solicitor	JOHN P. ROBARTS, P.C., C.C., Q.C.
Honorary Historian	ERNEST MILES

Board of Directors

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DONALD H. CARLISLE
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LT. COL. MICHAEL A. STEVENSON, C.D.
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TERRENCE TYERS
REV. J. ROBERT WATT, B.A., B.D.
J.A. WILLIAM WHITEACRE, M.M., C.D., Q.C.

Immediate Past President	SIR ARTHUR CHETWYND, BT.
Past Presidents	ROBERT L. ARMSTRONG JOSEPH H. POTTS, C.D., Q.C. HENRY N.R. JACKMAN

Constitution

As amended April 26th, 1973

ORGANIZATION OF THE CLUB

ARTICLE I

Name

1. The name of the club shall be The Empire Club of Canada.

Purpose and Object

2. The purpose and object of the club is to promote the interests of Canada and the British Commonwealth by the consideration and discussion of subjects and events relating thereto and by any other means appropriate to the facilities of the club.

MEMBERSHIP

ARTICLE II

Classes of Members

1. The membership of the club shall consist of:
   (a) Honorary members
   (b) Life members
   (c) Regular members
   (d) Corporate members
   All members of classes (a), (b), (c) must be the full age of eighteen years.

Honorary Members

2. Honorary members may be elected by the unanimous vote of those present at a meeting of the board of directors. They shall be exempt from the payment of fees but shall not have the privilege of voting or holding office and their membership shall be terminable at any time by a two-thirds majority of those present at a meeting of the board of directors.

Life Members

3. Members of the club in good standing (other than corporate members) and other persons regularly proposed may be elected life members by a two-thirds majority of those present at a meeting of the board of directors. Life members shall pay such a fee in one sum as may be fixed from time to time by the board of directors.

Regular Members

4. Save as provided in Section 5 of this Article candidates for regular membership shall be proposed by a member in good standing and shall be elected by a two-thirds majority of those present at a meeting of the board of directors.
   Save as provided in Section 5 of this Article regular members shall pay respectively such annual fees as may be fixed from time to time by the board of directors. Members elected after the first day of March in any year shall pay one annual fee only in respect of the period from the date of election until the thirtieth day of September in the following year. No member in arrears for fees after January 1 shall be considered in good standing.

Corporate Members

5. Any company, partnership or business organization shall be eligible for election as a corporate member. Applicants shall be proposed by a member in good standing and the application shall contain the names and positions of the persons nominated by the applicant as its representative regular members. The applicant and its nominated representatives shall be elected by a two-thirds majority of those present at a meeting of the board of directors. A corporate member shall be entitled to nominate such number of its representative regular members as may be fixed from time time by the board of directors and shall pay such annual fee as may be fixed from time to time by the board of directors, provided that such fee shall not be less than the aggregate fees which would have been payable on an indi-

vidual basis by such representative members for the year in question. Save as in this section provided no fee shall be payable by or in respect of the representative regular members of a corporate member.

DIRECTORS

ARTICLE III

Duties and Powers

1. The affairs of the club shall be managed by a board of directors who may exercise all such powers and do all such acts and things as may be exercised or done by the club and are not by the by-laws or by law directed or required to be done by the club at a general meeting of its members. At all meetings of the board of directors the Chairman of the meeting shall have a casting vote.

Number and Quorum

2. The board of directors shall consist of forty members of whom sixteen shall constitute a quorum. The board of directors shall include at least four past presidents of the club, one of whom shall be the immediate past president and three others shall be the three past presidents immediately preceding the immediate past president if they are willing and able to act as directors.

Election of Directors

3. A nominating committee consisting of five members of the board of directors and four other regular members of the club shall be appointed annually by the board of directors at least thirty days prior to the annual meeting and shall prepare a list of nominations for directors for the ensuing year. The chairman or acting chairman of the nominating committee shall report the nominations of that committee to the annual meeting at which the board of directors shall be elected, but nothing herein shall preclude the nomination of other persons for the office of directors at the annual meet-

ing. If nominations do not exceed the number of directors necessary, the chairman of the meeting may instruct the Secretary-Treasurer to cast one ballot in favour of those so nominated and thereupon such persons shall be declared by the chairman to have been duly elected. No person shall be elected a director unless he is a regular member in good standing and is a Canadian citizen or a British subject.

Meetings of Directors

4. Meetings of the board of directors shall be called by the President, or on a requisition signed by three of its members. Written notice of such meetings shall be given to each director five days or more before the meeting is to take place, provided that a meeting may be held at any time if all the directors are present or if those absent have waived notice of or otherwise signified their consent to such meeting being held in their absence or have approved or signified their approval in writing to the proceedings taken at the meeting. The board may appoint a day or days in any month or months for regular meetings, at an hour or place to be named, and of such regular meeting, no notice need be given.

Casual Vacancies

5. In the event of any vacancy occurring in the office of director, the remaining directors may fill the vacancy from among the members for the unexpired portion of the term of office of the person whose office is vacant.

OFFICERS

ARTICLE IV

1. The officers shall consist of an Honorary President, an Honorary Vice-President, a President, First, Second and Third Vice-Presidents, an Honorary Treasurer, an Honorary Secretary, a Secretary and a Treasurer. The board of directors may from time to time elect or appoint such other

officers as it shall deem necessary. The President and the Vice-Presidents shall be directors of the club but other officers need not be directors. No person other than the Honorary President and the Honorary Vice-President shall be eligible for office unless he is a member in good standing. The President shall, when present, preside at all meetings of the members and of the board of directors. During the absence or inability to act of the President, the Vice-Presidents in order of seniority shall act as Chairman at such meetings and otherwise perform and exercise the duties and powers of the President.

Appointment of Officers

2. The board of directors shall meet as soon as convenient after their election for the purpose of appointing the officers of the club for the period ending April 30 in the next year but each officer shall continue in office until his successor is elected.

Casual Vacancies

3. In the event of a vacancy occurring in any office the board of directors may fill the vacancy for the unexpired portion of the term.

Honorary Auditor

4. An Honorary Auditor shall be appointed at each annual meeting. An audited statement of the finances of the club for the fiscal year shall be published annually and a copy shall be sent to each member.

COMMITTEES

ARTICLE V

1. The following standing committees and the chairman of each shall be appointed by the board of directors as soon as convenient after the election of the board:
   (a) Budget and Finance Committee

(b) Speakers Committee
(c) Membership Committee
(d) Constitution Committee
(e) Reception Committee
(f) Publicity and Public Relations Committee
(g) Year Book Committee
(h) Head Table Committee

provided that for any year the board of directors may by resolution elect not to appoint any one or more of such committees.

2. The President or the board of directors may from time to time appoint such other committees as may be deemed expedient.

MEETINGS OF MEMBERS

ARTICLE VI

General Meetings

1. The club shall hold general meetings weekly, if possible, from October to April, both inclusive, in each twelve months with such intermissions as may from time to time be determined by the board of directors. Special meetings of the club may be called at any time by the President.

Annual Meeting

2. The annual meeting shall be held not later than April 30 in each year. At the annual meeting a report of the year's proceedings and work shall be submitted by the President and this report shall be accompanied by an interim report from the Secretary-Treasurer.

Notice of Meetings

3. Written notice of all meetings of members shall be given all members of the club before the date on which the meeting is to be held. Such notice shall be sufficient if addressed to the members, and deposited post paid in the post office in Toronto. The accidental failure or omission to give notice to

any member shall not invalidate the proceedings at any meeting.

Quorum at Meetings

4. Sixteen members in good standing shall constitute a quorum at any meeting of the club, general, annual or special, and the Chairman of the meeting shall have a casting vote.

Limitation of Business at General Meetings

5. No business other than the hearing of the addresses shall be introduced at any meeting of the club by any person other than the chairman of the meeting, unless it has been submitted to the board of directors and received its approval.

FISCAL YEAR

ARTICLE VII

The fiscal year of the club shall end on such day in each year as may be fixed by the board of directors but unless so fixed by the board shall end on April 30.

AMENDMENTS

ARTICLE VIII

Subject to the provisions of The Corporation Act this constitution may be amended by the board of directors, but unless in the meantime confirmed by a majority of the members present in person at a meeting of the members duly called for that purpose, any amendment is effective only until the next annual meeting of members unless so confirmed thereat and, in default of such confirmation thereat ceases to have effect at and from that time, and in that case no new amendment of the same or like substance has any effect until confirmed at a meeting of the members.

Membership

1974-1975

HONORARY MEMBERS

Cartwright, John R., The Hon. Chief Justice of Canada
Comber, Walter W.
Daniels, D. K., O.B.E.
Gardiner, F. G., Q.C.
Geary, Major B. H., V.C.
Gillingham, W/C Harold G.
Harpham, Horace
Jamieson, H. T., F.C.A.
Kemp, A. S. H.
McIntyre, W. Malcolm
Mansfield, S. J.
Michener, The Rt. Hon. Roland, C.C., P.C., Q.C., LL.D., D.C.L.
Miles, Ernest
Osborne, Col. J. Ewart
Ralph, R. Ford

LIFE MEMBERS

Allan, William N.
Anderson, D. S.
Ash, W. M. V.
Bassett, J.
Batty, Joseph
Baxter, Ian S.
Beare, S. E.
Beatty, D. S.
Bennett, Dr. Ross C.
Best, Douglas W.
Boyles, Thomas A.
Brooks-Hill, F. B.
Burns, Charles F. W.
Burke, E. T. C.
Carter, Charles
Caswell, W. A., J.P.
Cobham, Arthur H.
Craig, Lt. Col. John A. D.
Cranfield, Dr. Harold V.
Crummey, Dr. Clarence B.
Deacon, Fraser
Douglas, Lt. Col. R. G.
Du Vernet, E. A., Q.C.
Eaton, Donald L. H.
Eisen, Sol.
Fabbro, Joseph J.
Fletcher, S. S.
Frost, Lt. Col. C. S. Jr., Q.C.
Gillingham, Harold G.
Gore, Graham M.
Griffin, Ian A.
Griffin, John W.
Hargraft, G. M.
Hellyer, Hon. Paul T., P.C., M.P.
Hermant, Adam B. T.
Hermant, John D.
Hermant, Peter
Hermant, Sydney
Hilborn, Col. Robt. H., M.V.O., M.B.E., C.D.
Hoffman, Charles C.
Holliday, John R.
Howse, T. H.
Hughes, James O.
Hyland, Dr. Herbert
Inwood, A. E. M.
Jackman, H. N. R.
Jackman, H. R., Q.C.
Jackman, W. Henry
Joyce, James H.
Jupp, Lt. Col. D. H., O.B.E.
Karn, William M.
Kent, J. Palmer, Q.C.
Keys, N. A., M.C., Q.C.
Lambert, A. T.
Lawson, H. R.
Legge, Brig. Gen. B. J., Q.C., E.D.
Mackinnon, Lt. Col. A. P.
Matthews, Maj. Gen. A. B.
Matthews, Brig. F. B., C.B.E., Q.C.
May, Miss Gladys
McCrimmon, Maj. J. S. G.

McKinnon, N. J.
Mylrea, A. J.
Neelands, D. G.
Pallett, John C.
Parish, Dr. James A.
Pearson, Prof. Norman
Reuber, Grant L.
Ridley, John B.
Rokeby-Thomas, The Rev. Dr. H. R.
Roman, S. B.
Royce, Lt. Col. E. A., E.D.
Rutherford, Lt. Col. R. C.
Sandy, J.
Shefsky, Samuel V.
Smeed, J. R.
Stark, Hon. Mr. Justice Alexander, Q.C.
Strathy, Col. J. G. K.
Sullivan, Hon. J. A. M.D.
Thompson, Eric F.
Thomson, K. R.
Turnbull, R.
Watkins, William B.
Webster, R. H.
Williams, J. K.
Waldie, Gordon
Winkler, Sydney
Wotherspoon, G. D.
Yamaguchi, Koichiro

REGULAR MEMBERS

Aaron, Raymond
Abbott, A. C., M.P.
Abel, Albert S.
Abols, G. J.
Adair, Joseph
Adam, James L.
Adams, A. H.
Adams, George W.
Adams, J. C.
Adams, Ms. Patricia
Adams, W. H.
Adamson, Edwin F.
Adamson, G. A.
Adamson, Harold J.
Adamson, Walter
Addison, Wm. G.
Ades, David
Adley, Anthony
Adourian, S.
Adye, Rev. Canon E. R. G.
Agar, Harold A.
Aggett, Harold G.
Aitchison, Ian A.
Aitken, Peter M.
Akerfeldt, Stephen C.
Alberts, Edgar T.
Albery, A. C. R.
Alboini, V. P.
Aldridge, Miss Doris
Alexander, H. H.
Ali, Mrs. Shastri
Allan, Dr. Blandford
Allan, Gordon F.
Allen, C. R. E.
Allen, Ms. Donna C.
Allen, Ivan V.
Allen, Miss Jane E.
Allen, John F.
Allen, Michael
Allen, Dr. Michael S., F.R.C.S. (C)
Allingham, N. W.
Allison, A.
Allport, D. A.
Allworth, Mrs. Mona C.
Alton, T. R.
Amato, L.
Ambrose, Graham H.
Ambrose, Sheriff P. J.
Amos, J. L.
Andary, Gerhard
Anderson, Allan J.
Anderson, D.
Anderson, Donald R.
Anderson, Douglas D.
Anderson, J. B.
Anderson, Dr. J. G. D.
Anderson, Lt. Gen. W. A. B.
Andison, D.
Andras, K. B.
Andrews, Stewart M.
Andrunyk, Col. S. F.
Angevine, John S.
Anglin, Robert S.
Angus, D. L.

Angus, Jas. K.
Annau, Ernest
Anthony, R. F. K.
Apple, B. Nixon, Q.C.
Appleton, C. N.
Appleton, D. C.
Archbold, Wm. D.
Archer, Vern
Archibald, C. R., Q.C.
Argue, D. R.
Arino, Yoshiro
Armes, William P.
Armour, A. Douglas
Armstrong, Arthur S.
Armstrong, G. E.
Armstrong, Gordon V.
Armstrong, G. Warren
Armstrong, Jas. A.
Armstrong, Robert L.
Arthur, J. G.
Astley, D. B.
Atherton, C.
Atkins, David H.
Atkinson, David W.
Atkinson, Miss Linda
Atlin, Gordon, Q.C.
Attewell, W. C.
Auger, Eliot M.
Ausman, Leland H.
Austin, J. Jarvis
Austin, Peter D.
Avery, William M.
Axford, Michael J.
Aymong, A. M.
Azzarello, A.

Babcock, Harold A.
Babensee, Robert W.
Babra, Avtar Singh
Back, Samuel
Baehr, Hans A.
Bahlman, Miss Myrtle
Bailey, H. V.
Bailey, John H.
Bailey, William H. C.
Bailie, A. A.
Baillie, Aubrey
Baillie, J. N.
Bainard, Roy H.
Baker, George
Baker, Herb F.
Baker, J. J.
Baldry, I. H.
Balfour, Ian C.C.
Balfour, Norman E.
Ball, Gordon R.
Ball, H. Graham
Band, Miss Sarah
Bankes, J. M.
Banner, Dr. Mac
Bannerman, B. L.
Barber, Col. J. R., E.D., C.D.
Barber, William
Bardsley, J. W.
Bark, Chad F.
Barker, D. J.
Barker, Jack S.
Barltrop, C. S.
Barrett, L. C.
Barrow, J. C.
Barstow, J. M.
Bassel, J. P., Q.C.
Bastien, Dr. Gerard
Batchelor, Gordon T.
Bate, Wm. B.
Bateman, Mrs. Aileen L.
Bates, Dr. Gordon
Bath, D. H. W.
Baxter, Robert J.
Beamish, K. J.
Beattie, A. L.
Beattie, Ms. E. L.
Beattie, Thomas J.
Beatty, R. I.
Beauchamp, Walter N.
Beauregard, Roland D.
Beausejour, Roger
Beavis, Frederick J.
Beck, Howard L.
Becker, Mrs. Claire
Becker, Jack
Beckerman, Irving
Bedal, Prof. C. L.
Beeston, Major A. C.
Belbeck, Kenneth G.
Bell, B. Gen. G. G.
Bell, J. Donald, Q.C.
Bell, Norman B.
Bell, Norman H.
Bell, Norman O.

Bell, W. E.
Belyea, Abner B.
Belyea, Roy E.
Ben, George
Bennett, Hon. Claude F.
Bennett, Chief Judge Colin E.
Bennett, David T.
Bennett, Ms. Jalynn H.
Bennett, M. Joslin
Bennett, R. F.
Benson, Marvin T.
Benson, Philip W.
Bentley, D. Fraser
Berghuis, Wm. W.
Berry, Harold R.
Berry, Dr. Henry
Best, Dr. Charles Alexander
Betts, David W.
Betts, J. G.
Biddell, J. L.
Bidell, William
Bielski, Casimir M. B., Q.C.
Biggs, G. L.
Biggs, Stanley C., Q.C.
Bilbrough, W. H.
Bilodeau, André
Binmore, David R.
Binnie, William Ian Corneil
Birch, Hon. Margaret
Biringer, Paul P.
Birkenmayer, Mrs. S. A.
Birrell, L. P.
Birrell, Dr. R. G.
Bjarnason, Thomas H.
Blachford, H. A.
Blackwell, Cy
Blaikie, Ross W.
Blair, Florence L.
Blair, S. M.
Blair, W. D'Arcy
Blair, Willis L.
Blanchard, H. A.
Blane, Robert
Blaney, James William
Blay, J. A.
Bloemen, P. J. M.
Boddy, R. Paul
Bolliger, Heinz E.
Bongelli, Tello
Bonham, J. T.
Bonnycastle, Law C.
Bonus, W. H.
Book, Ira E.
Borinsky, Maxime
Bosanquet, L. C.
Bot, William B.
Botnick, Harry P.
Botnick, Reuben
Bourne, F. R.
Bowerman, Ms. Joyce E.
Bowes, James C.
Bowles, William M. Jr.
Boyd, W. H. C.
Boyd, Winnett
Boyko, Jos. LL.D.
Boyle, J. A.
Brace, Wm.
Bradley, Robert A.
Bradshaw, Mrs. Marian
Brady, H. F.
Brain, George M.
Braithwaite, L. A.
Brannan, C. E.
Brant, Reuben
Braune, William M.
Bray, Harry S.
Breckenridge, P. D.
Breckenridge, R. J.
Brennan, Lt. Col. David
Brent, John E.
Brethour, E. J.
Breuer, K.
Bridges, R. John
Bright, John C.
Brissenden, W. G.
Bristoll, Charles H.
Broad, R. L.
Broadhead, John F.
Brock, Frederick W.
Brodsky, Jack
Brook, Edward
Brook, Mrs. Edward
Brooke, Donald V.
Brooks, Dr. C. E.
Brooks, Herbert
Brown, Arthur E.
Brown, Colin M.
Brown, Dr. Corbin A.
Brown, Gerald D.
Brown, Brig. H. E., O.B.E., E.D., C.D.

Brown, Mannie
Brown, Murray D.
Brown, Ross L.
Brownbill, H. F.
Brule, J. A.
Brundage, C.
Brunskill, A. M., F.C.I.S.
Bryson, Ms. Dorothy
Buchinger, Alfred
Buddenhagen, W. C.
Bull, John S.
Bulmer, J. C.
Bundy, Robert G.
Bunting, C. Alan
Bunting, Pearce
Burbridge, O. John
Burden, Bruce C.
Burgess, A. C.
Burgess, C. N.
Burgess, H. T.
Burk, J. Paul
Burnard, F. S.
Burns, James E.
Burns, Jeffrey
Burns, Lt. Col. L. J. W.
Burns, Paul J.
Burnside, E. G.
Burrows, W. Don
Burt, Miss M. Elizabeth
Burton, Lt. Col. G. A.
Buski, Richard S.
Butler, Ian

Calderone, Gus V.
Caldwell, Doug
Calvert, William
Cambridge, John Donald
Cameron, Donald Ross
Cameron, Edwin J.
Cameron, Major Rev. Ross K.
Campbell, D. L.
Campbell, Duart A.
Campbell, Duncan
Campbell, E. M.
Campbell, Miss F. M.
Campbell, Jack
Campbell, Mac D.
Campbell, R. Y. W.
Campbell, W. Allan
Campbell, W. Clarke
Campion, John A.
Cane, A.
Cappe, Joe, B.COM.
Cappe, N. R., Q.C.
Carey, John
Carlisle, Donald H.
Carnegie, A. D.
Carnegie, James G.
Carpenter, Dr. T. A.
Carr, E. P.
Carr, G. Douglas
Carr, Ms. Glenna
Carroll, C. A.
Carruthers, Alex
Carson, C. E.
Carter, M. F. K.
Carter, Mrs. M. Olivia
Carter, S. Owen
Cartwright, D. H.
Casavant, Richard
Case, Peter A.
Casey, E. M.
Casse, Joseph
Cassell, William F.
Cassels, Gordon T.
Casson, Richard
Castel, André
Caston, D. M.
Cater, Gordon
Catto, Lt. Col. John, C.D.
Caulfield, Anthony
Cavoukian, A.
Cavuoto, Mario
Cawfield, B. S.
Cayley, Hugh
Chadwick, Derek T.
Chalmers, Floyd S.
Chambers, H. J A.
Chan, Henry
Chandler, Kenneth G.
Chant, Dixon S.
Chapin, C. J.
Chapman, S. F.
Chapman, Wm.
Charbonneau, Michel
Charlton, Ms. C. R.
Chartrand, Mrs. J. L. F.
Chartrand, Rupert Hugo
Chase, T. Millar

Cheatley, Mrs. Shirley
Cherry, Robert James
Chester, Lane R.
Chestnutt, James T.
Chetwynd, Sir Arthur R. T.
Chetwynd, Robin
Child, Rodney L. J.
Chisholm, William J.
Chittick, J. Robert
Chote, Rev. Canon A. A., B.A.L., TH.
Christian, Francis G.
Christian, Brig. J. D., C.B.E.
Christie, Col. J. H., M.C., E.D.
Christie, Dr. R. J.
Christie, Robert C.
Christmas, Milton H.
Cianci, Ms. Luciana
Ciglen, Samuel, Q.C.
Citron, Donald
Clark, Basil
Clark, B. H.
Clark, Douglas M.
Clark, E. G.
Clark, Miss H. A. L.
Clark, H. Spencer
Clark, Joseph A. P.
Clark, Philip T., F.C.A.
Clark, Robt. F.
Clarke, James H.
Clarke, K. H. J.
Clarke, Ms. Patricia
Clarkson, W. D.
Clarry, John H. C.
Classen, R. A. M.
Claydon, James Henry
Clemens, David B.
Clement, Ms. Lorraine
Clements, John B.
Clifford, C. T.
Clifford, R. G.
Clow, E. E.
Cochrane, Frank
Cockburn, Donald W.
Coghill, Paul O.
Cohen, John C.
Colbourne, Douglas S.
Coldoff, William
Cole, John B.
Coleman, Dean Arthur E.
Colhoun, J. L. A.
Collins, Ian Jerrold
Collins, J. A.
Collins-Williams, Dr. Cecil
Collins-Williams, G. W.
Collombin, Bev
Colwell, Charles W.
Combs, John W., Sr.
Combs, John W., Jr.
Comisarow, Dr. Richard
Conrad, J. C. P.
Consulate General de France
Cook, F. Gordon
Cook, G. A.
Cook, J. Gordon
Cook, John H.
Cooke, G. A.
Cooper, Geoffrey C.
Cooper, S. C.
Cooper, Ms. Virginia
Corbett, Marie C.
Corder, David R.
Cork, E. Kendall
Corlett, Alva R.
Cornelius, Les
Cornell, Ervin
Cornell, Mrs. Susanne C.
Cornish, His Honour, Judge F. J.
Corrigan, Harold C.
Corson, C. R.
Cosburn, W. D.
Cosby, Stanley C.
Cosgrave, Ronald E.
Cosman, Robert W.
Cotnam, Dr. Harold Beatty
Cotnam, William Joseph
Coull, Charles A.
Coulthard, W. W.
Coutts, Elgin E.
Covernton, G. S.
Cowan, W. D.
Cowling, A. H.
Cowper, David B.
Cowperthwaite, G. H.
Craft, Robt. F.
Cranfield, Paul G.
Crang, J. H.
Crann, Howard N.
Cranston, R. A.
Crashley, Lt. Col. J. D., C.D.
Crawford, H. P.

Crawley, Mrs. Lenore
Creba, D. G.
Crewe, Miss Nola Susan
Crichton, R. J.
Crispo, F. Martin
Critchley-Waring, Angus C. B.
Crockett, Arthur H.
Croll, David A.
Crompton, M. W.
Crone, R.
Croombs, Wm. J.
Cross, W. B.
Crossley, J. K.
Crothers, George
Crothers, Hugh A.
Crow, Stanley
Cruden, J. S.
Cudbird, L. J.
Culnan, Dr. G. F.
Cummings, R. L.
Cummings, W. M.
Cunningham, Paul F.
Cunningham, Wallace
Curran, William
Currie, D. W.
Curry, Ralph D.
Curry, T. E.
Curzon, Thomas D.
Cushing, Dave
Cuthbert, Norman S.
Cutler, J. F.

Dack, Dennis A.
Dale, R. G., D.S.O., D.F.C.
Dale-Harris, R. B.
Dalglish, Peter
Dalton, Charles O.
Dalton, Wm. H.
Daly, R. A.
D'Arcy, N.C.
Dargavel, John R.
Davey, Senator Keith
David, Miss Rodica
Davidson, A. M.
Davidson, Dr. D. A.
Davidson, I. D.
Davidson, J. Craig
Davidson, Miss True
Davies, Dr. John B.
Davies, R. A.
Davis, Hon. William G.
Davison, Dr. W. E.
Davy, Henry M. III
Dawkins, Ronald George
Deacon, Paul S.
Deakon, Walter W.
Dean, Harold B.
Deans, Bruce
Deeb, Michael B.
Deeks, William G.
DeGeer, Ross
Deller, Stanley A.
Delmedico, George A.
DeMara, Cyril R.
Dendy, R. J.
Denison, Robt. E.
Denman, Robin D.
Dennis, David L.
Dennison, William
Denyer, Ms. Joyce
Dequerre, Fred
Derbecker, J. L.
Derry, Douglas L.
Derry, Dr. Duncan R.
Desautels, Marcel A., B.A., LL.M.
DeSouza, Ivan X.
Deutsch, Wm. C., Q.C.
Derenney, Hart M.
Diekman, Bernard A.
Digby, Dr. John W.
Dillon, Robert M.
Dingle, D. B.
Dingman, Ms. Elizabeth
Dinsdale, S. E., Q.C.
Dinsmore, W. B. H.
Dinnick, John S.
Dix, Wm. B.
Dixon, A. B.
Dixon, John
Dobell, Douglas J.
Doe, Roger G.
Dogterom, George C.
Doherty, J. H.
Doiron, Lt. Col. L. G.
Donald, Graham E. B.
Donaldson, R. N.
Doner, Edgar D.
Doran, Michael J.
Doty, Robert V.
Dougall, R. W.

Doughty, Clifford
Douglas, C. R.
Douglas, J. F. M.
Dowd, Dr. E. C.
Downer, The Hon. Rev. A. W., M.P.P.
Downie, H. R.
Dowsett, Horace
Dowsett, R. E.
Dowsley, Gordon
Doyle, E. E.
Doyle, Kevin J.
Dragone, A. George
Draimin, Peter K.
Drees, F. K.
Drolet, J. L.
Drowley, W. B.
Drukarsh, Marshall E.
Drybrough, Miss Judith
Drynan, William I. K.
Dubin, Hon. Mr. Justice C. L.
Dudek, Bryan A.
Duffield, E. S.
Duguid, A. G. S.
Duguid, Lorne W.
Dukelow, Ms. Daphne A.
Dunal, E. M.
Dunbar, A. Carlyle
Duncan, W. A.
Dungey, E. B.
Dunmall, M. M.
Dunne, Thomas J.
Dunnett, Gordon
Dunsford, John R.
Durnan, David
Dye, R. A.
Dymond, Mrs. Beryl L.
Dymond, Dr. M. B., M.P.P.
Dynes, Henry E.

Eadie, Donald R.
Eady, Harold
Eagleson, R. Alan
Eakin, Joseph S.
Easson, E. B.
Eastoe, S. A.
Eastwood, G. E. P.
Eaton, F.
Eaton, John Craig
Eccles, W. R.
Ecclestone, A. M.
Eckert, B. H.
Eckler, Samuel
Eder, Gordon
Edinborough, Arnold
Edison, John G.
Edwards, Dr. H. E.
Edwards, James C.
Edwards, Dr. L. A.
Edwards, Stanley E.
Egan, John C.
Eickmeyer, F. M.
Eisen, D. M.
Elcombe, P. C.
Elder, Andrew J.
Elder, John J.
Eldon, Dr. W. Donald
Elek, John L.
Ellingwood, Ronald
Elliott, Charles R.
Elliott, Harold H.
Elliott, Stephen
Ellins, Fred H.
Ellis, J. F.
Ellis, William F.
Emerson, Harry
Emond, Douglas L.
Ennis, B. A.
Erwood, Donald L.
Evans, Dr. J. E. L.
Evans, Lancelot Stembridge
Evans, R. A., Q.C.
Evenson, L. R.
Everard, Frank
Eyton, Trevor

Fairclough, R. P.
Falardeau, Jean Claude
Fallis, Geo. A.
Faludi, Dr. E. G.
Faraday, Grant R.
Farlinger, A. W.
Farmer, Rev. Carl V.
Farquhar, Gordon V.
Farquharson, W. R.
Farrow, W. C.
Fayle, L. V.
Fell, F. M., Q.C.
Ferguson, G. S. P., Q.C.
Ferguson, P. B. G.

Ferris, John
Field, D. G.
Fields, Gerald S.
Findlay, James V.
Fine, George E. C.
Finlay, Joel F.
Finlay, Warren A.
Finlayson, G. W.
Firstbrook, W. A.
Fischer, Conrad
Fisher, Alex D.
Fisher, A. J.
Fisher, Ms. Cathy Carroll
Fisher, F. R.
Fisher, John
Fisher, J. Taylor
Fitzgerald, Clare
Fitzpatrick, John J.
Fitzpatrick, M. S.
Flanagan, Ms. Patricia
Fleming, C. F.
Fleming, Hon. Donald M.
Fleming, G. H.
Fleming, J. C.
Fleming, J. P.
Fleming, R. J.
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C.B. Crummey
Fraser Deacon
C. Warren Goldring
Graham M. Gore
John W. Griffin
John D. Herrick
R.H. Hilborn
Charles C. Hoffman
John Irwin
H.N.R. Jackman
James H. Joyce
A.J. Langley
Bruce J. Legge
Hartland M. MacDougall
Donald G. Neelands
E.A. Royce
R. Bredin Stapells

BENEFACTORS

Acklands Limited
Alberta Gas Trunk Line Company Limited
Algoma Steel Corporation Limited
Ames, A.E. & Co. Limited

Bank of Montreal
Bank of Nova Scotia
Barberian, Harry
Brascan Limited
Brulé, J. A.
Burns Foods Limited

Cadillac Fairview Corporation Limited
Canada Packers Limited
Canada Permanent Trust Company—Mortgage Corporation
Canadian Acceptance Corporation Limited
Canadian Imperial Bank of Commerce
Cochrane-Dunlop Hardware Limited
Continental Can Company of Canada Limited
Coutts, William E. Company Limited
Credit Foncier-Franco Canadien

Del Zotto Enterprises Limited
Dominion of Canada General Insurance Company

Fidelity Mortgage & Savings Corporation

General Mills Canada Ltd.
Goldring, C. Warren
Griffin, John W.
Guaranty Trust Company of Canada

Harlequin Enterprises Limited
Hilborn, Robert H.

Imperial Oil Limited
Imperial Optical Company Ltd.
Irwin, Arnold B.

Jackman Foundation
Jamieson, H.T.

Kodak Canada Ltd.

Legge, B.J. & W.R.

Merrill Lynch, Royal Securities Limited
Molson Companies Donation Fund

Newman, Harry A.

O'Connor, J.J. Real Estate Limited
Ontario Jockey Club

Richardson Securities of Canada
Rothmans of Pall Mall Canada Limited
Royal Bank of Canada

Slater, Walker Services Limited
Stapells, R. Bredin
Swift Canadian Company Limited

TransCanada Pipelines

Warrington Products Limited
Wood Gundy Limited

DONORS

Armstrong, Robert L.
Associates Acceptance Company Limited

Bath, Donald H.W.
Beatty, D.S.
Best, T.H. Printing Company Limited
Birrell, R.G.
Brewers Warehousing Company Limited
Brinco Limited
Burns Bros. & Denton Limited
Burns, Janet & Charles Foundation

Canada Malting Co. Limited
Chetwynd, Arthur
Cowperthwaite, G.H.
Crummey, C.B.

Daly, R.A. & Company Limited
Davidson, M.W.
Dunbar, A. Carlyle

Globe Envelopes Products Limited
Gore, Graham M.

Hanson, George S.
Hargraft, George M.
Henderson, D.A.

Imasco Limited
International Nickel Company of Canada Limited

Jolliffe, Edward B.

Kavanagh, T.

Lang, D.A.
Langley, Arthur J.
Lawson, H.R.
Leibel, William
Lockhart, D.A.
Love, Gage H.

MacDonald, H.I.

Miles, John A.

National Life Assurance
  Company of Canada
Neelands, Donald G.

Phillips, Leslie
Powley, B.G.

Royce, E. A.

Southam Press Limited
Stafford, George O.
Stange Canada Limited

Stewart, D.A.
Strathy, J.G.K.

Teresko, Peter

Thomson Foundation

Union Carbide Canada Limited

Waldie, Gordon
Watt, Rev. Robert J.
Wegg, G.S.
Wilson, James

FINANCIAL STATEMENTS

AUDITORS' REPORT

To the Members of
The Empire Club Foundation

We have examined the balance sheet of the Empire Club Foundation as at April 30, 1975 and the statement of income and expenses and surplus for the year then ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Empire Club Foundation as at April 30, 1975 and the results of its operations for the year ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

SMITH, NIXON & CO.
CHARTERED ACCOUNTANTS

TORONTO, May 13, 1975

THE EMPIRE CLUB FOUNDATION

(Incorporated under the laws of the Province of Ontario as a non-profit corporation without share capital)

BALANCE SHEET AS AT APRIL 30, 1975

ASSETS

	1975	1974
Bank	$ 2,086	$ 6,472
Deposit receipt	—	14,000
Accounts receivable	—	70
Deferred year book expenses	234	—
	$ 2,320	$20,542

LIABILITIES

Accounts payable and accrued liabilities	$ —	$14,000
Surplus	2,320	6,542
	$ 2,320	$20,542

Signed on Behalf of The Board

"C.B. Crummey") Directors
"D.S. Anderson")

THE EMPIRE CLUB FOUNDATION

STATEMENT OF INCOME AND EXPENSES AND SUPPLIES FOR THE YEAR ENDED APRIL 30, 1975

	1975	1974
Income		
Donations	$19,072	$17,410
Interest earned	849	914
	19,921	18,324
Expenses		
Campaign expenses	247	—
Stationery and postage	95	888
Year book expense	23,801	15,434
	24,143	16,322
Excess of income over expenses (expenses over income) for the year	(4,222)	2,002
Surplus — beginning of year	6,542	4,540
Surplus — end of year	$ 2,320	$ 6,542